

A USEFUL LOOK AHEAD FROM WASHINGTON

DECEMBER 1969

Nation's Business

THE
CRUCIAL
BUSINESS
ISSUES
FACING
CONGRESS

PAGE 32

Here come the girls
Stay out of trouble with IRS
Strategy shift at the Pentagon



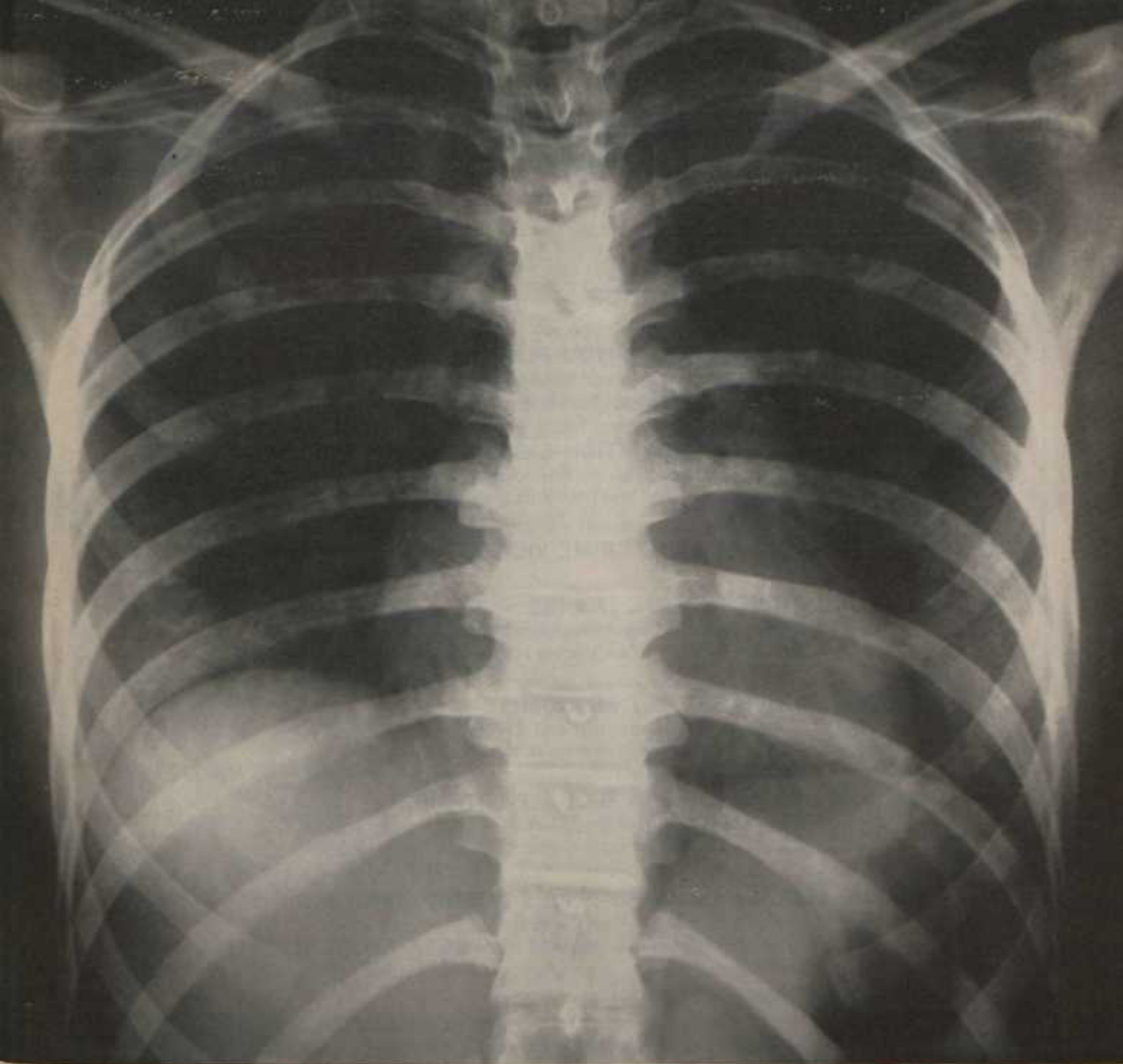
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Cover photo: Yoichi Okamoto

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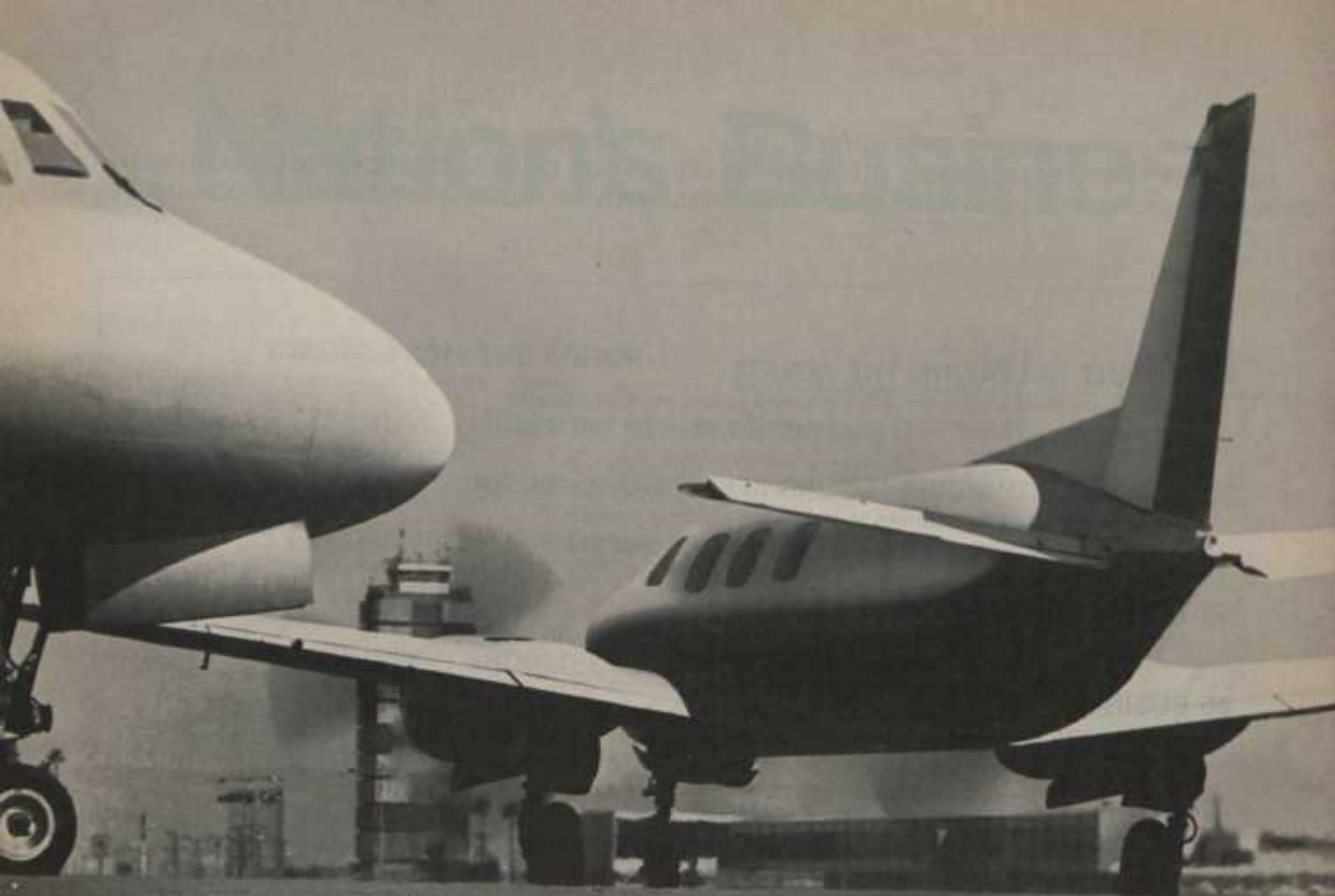
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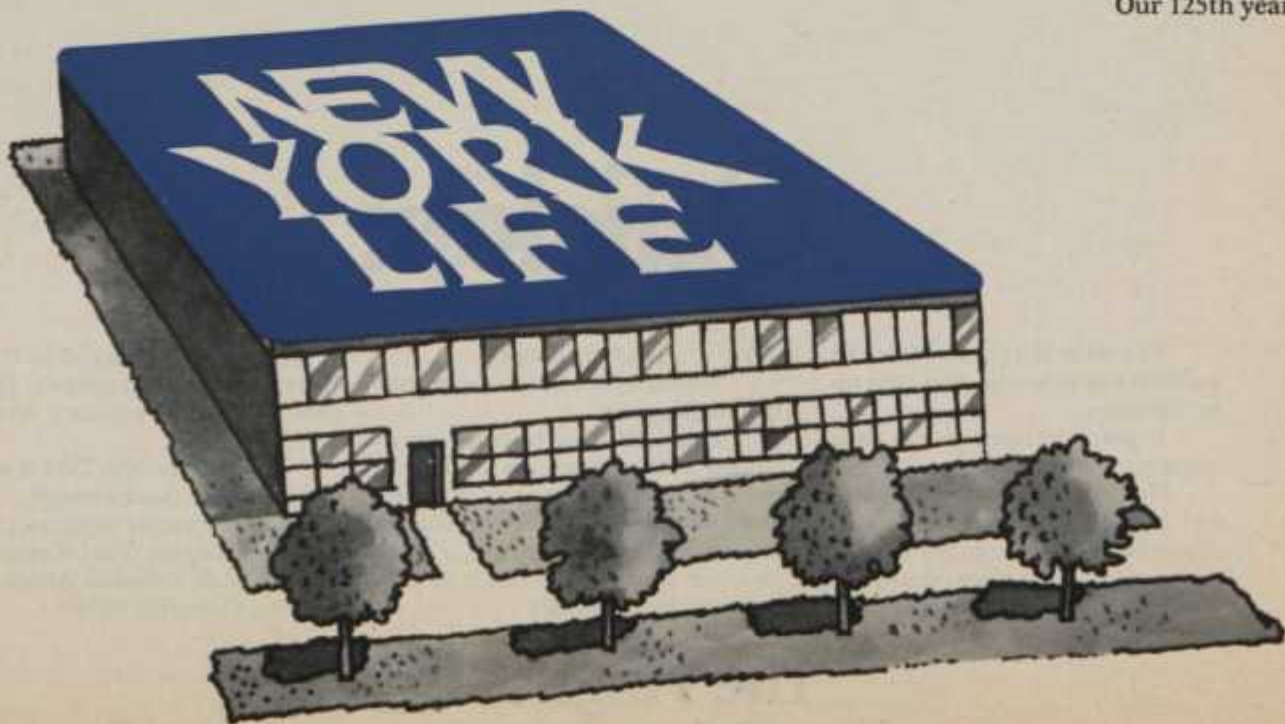
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MEMO FROM THE EDITOR

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20006

A recent survey of our readers found that you have many interesting opinions of *Nation's Business*.

Some feel we are invaluable in giving you an insight into the news that affects business, some say we're highly useful in providing management advice, others stress our Washington background.

You're all right. But it set us thinking. What does make *Nation's Business* different? If you read *The Wall Street Journal*, you know the business news that happened yesterday. And if you read *Business Week*, you know what happened the week before. So why read *Nation's Business*?

Frankly, we look ahead, instead of back at what has already happened—and with some success.

As Dizzy Dean used to say, "It ain't braggin' if you done it." For example, back in April, 1956, long before today's space exploration was thought feasible, *Nation's Business* examined the legal questions that ultimately will arise over the ownership of the moon and other planets earthlings may reach.

Most of our articles, of course, don't look forward that far. We're more likely to be reporting the best estimates on what will happen to a given issue next year or two years from now.

This month we're looking ahead at next year's Congressional session. There are many proposals that will affect business which will get little if any attention in your daily newspaper. You'll find the assessment of Congressional experts in the article starting on page 32 by Associate Editor Bob Gray.

That's Bob on the next page interviewing Senate Republican Leader Hugh Scott of Pennsylvania. Back when we got the idea for this article, we had expected

to get the views of the late Sen. Dirksen, and it was a little difficult to talk with Sen. Scott as much and as long as we wanted to when he began grappling with the problems of his new role as Sen. Dirksen's successor. But Bob eventually was able to get his views about how things are going to go.

• • •

In reporting on the Washington scene we have the unique advantage of being the only business magazine headquartered in the nation's capital. Our editors get to know the important people here from day-to-day contact. And this, combined with talking to businessmen around the country, helps us to know what to look for and how to get it.

We also have the unique advantage of being published by the Chamber of Commerce of the United States. We can draw on the expertise of the Chamber's staff members, who keep the closest ear on the interests of business in Washington.

• • •

Our association with the National Chamber also keeps us informed on the progress being made on social problems by local chambers of commerce as well as by individual businesses.

Publications that take only an occasional look at this progress can sometimes be embarrassingly wrong. Recently, for example, a weekly reported that only a handful of local chambers were just beginning to wake up to the urban problems.

Actually, the "handful" numbers well into the hundreds. There's hardly a community of any size in

MEMO
FROM
THE
EDITOR

continued



this country where the local chamber is not actively leading the way in solving the problems. But then, you know that if you've been reading *Nation's Business*.

What you may not know is the constantly rising standard of professionalism among local chamber of commerce executives. We know these men and we're continually impressed by their efforts to improve their performance and service.

They have their own organization, called the American Chamber of Commerce Executives, so that they can share their knowledge and know-how. And for excellence, a chamber executive can be awarded the designation of CCE—Certified Chamber Executive. It's quite a distinction, something like the CLU in the insurance field.

• • •

It's also tough to get. One of the requirements, for

example, is attendance at the Institutes for Organization Management. These are in-depth academic and training programs held each summer at six major universities under the sponsorship of the National Chamber in consultation with ACCE and the American Society of Association Executives.

Their goal is to improve chambers of commerce and trade and professional associations by educating and motivating their executives and staff members. In all, it's a nine-year course with annual postgraduate seminars after that.

Why should this interest you?

If you're an official of a local chamber, or a member, or even a businessman who isn't a member but gets the benefits of your chamber's activities, the caliber and dedication of the professional men running it are your business. The more skilled they are, the better they can serve you.

Jack Woodbridge

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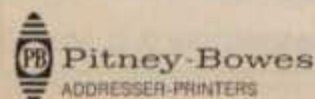
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LETTERS

A LEGALIZED LOTTERY IS A TWO-SIDED COIN

• In the October issue you asked the question, "Should we have a national lottery?"

I think a national lottery would bring in a tremendous amount of money providing it was as honest and as economically administered as is our New York State lottery. You mention opposition to lotteries and say New York's lottery has been disappointing in revenue production. This is not so, despite all of the handicaps under which we have to operate.

Since the inception of this program in June, 1967, we have put \$69.8 million in the education fund of New York State. At the present time the net is approximately \$2.5 million a month. That is enough money to have paid the entire cost of the 245,500 college aid grants for New York State youngsters announced in September.

To measure it another way, that is enough money to pay the salaries of about 8,000 school teachers, or buy about 7,000 school buses. To carry it further, it would pay the heating bill for every public school building in the state for more than two years. It would even buy about 14 million \$5 textbooks. If this is disappointing, I fail to see it.

Our tickets sell for \$1 each, broken

down as follows—15 per cent for administration (we are not using this amount), 30 per cent for prizes and 55 per cent for education.

Speaking of taxes, the lottery produces more revenue than four of the state's present taxes do. This is done, I may add, at not a dime's worth of cost to the taxpayers of New York State.

Federal law prohibits the use of the mails for anything connected with the lottery. We cannot use television or radio. A national lottery would produce a lot of money and, by the same token, our state lottery would produce almost unbelievable amounts if the laws were changed in this respect. Beyond this the so-called Patman Bill prohibits the sale of tickets in banks. This again hurts sales considerably.

ORIN S. WILCOX

Chairman
New York State Lottery Commission
Albany, N.Y.

Chairman challenged

• Sen. Fred R. Harris, chairman of the Democratic National Committee, showed ineptness in answering your three well-phrased questions in the series on "The 70's" [November].

Sen. Harris should have given forthright answers rather than accuse

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the present Administration of failure on economic issues.

He has blandly forgotten that under the previous Democratic Administration inflation rose faster than at any other comparable period in nearly 200 years of our government's history. Interest rates rose 33½ per cent under President Johnson's Administration. Taxes were increased by 30 per cent and government spending nearly doubled.

D. COMPTON MCKERAHAN
Albuquerque, N. Mex.

A useful tool

- The article by John Tarrant, "Why

that transcends the need for social improvement. In a sense, that is what religion is about and you hear very few complaints about the monies that go into religious institutions.

ROBERT E. DORIS
Director
Calson, A. Hoffmann
New York, N. Y.

"Answer" is correct

- "The Answer to Corruption" by Billy Graham [September] is an outstanding article and the things said were long overdue, both as they apply to business and government.

I for one would like to see more attention paid to the moral issues

Who Made a Business Out of Mr. Bell's Invention?

Alexander Graham Bell invented the telephone. But who made a business out of Mr. Bell's invention?

How did a scrub pail figure in a life-or-death crisis for the 3M Co.?

Who turned a mountain into the "richest hole on earth"?

The answers to these questions—and to many more questions you may have about the backgrounds of some of the nation's great companies—will be in the January issue of *Nation's Business*. You'll want to read the delightful series of stories entitled, "Great Moments and Great Men of American Business."

Sales Executives Fail," [September] is very valuable to our profession.

ERNESTO A. CASTILLO
President
Sales and Marketing Executives
Association of San Juan
San Juan, P.R.

Debate on outer space

- Why should we go to Mars? What justification is there for our having gone to the moon? Now that Americans have been to the moon at a cost of \$24 billion why not let the Russians spend a few rubles checking out Mars? I might remind you, however, that the U. S. paid the astronomical amount of \$7.2 million for Alaska and a century later it seems to have been a good buy.

DAVID E. HOLT
Attorney
Holt Bros., Oil & Gas Co.
Pampa, Texas

- As men we have a commitment to an understanding of why we are here

which business and government are facing today.

ROBERT E. COOK, CAE
Executive Vice President
Illinois Association of Real Estate Boards
Springfield, Ill.

- I think this is one of the best articles I have ever seen in your publication.

CHARLES BRINKLEY
President
Northeast National Bank
Ft. Worth, Texas

- You are to be congratulated for carrying Billy Graham's picture on the cover of the September issue and for carrying his very timely article within the cover.

I have heard fine comments on this from people I did not know had the opportunity to see your magazine.

The articles carried in your magazine are well selected and it is a pleasure for our officers to read them.

A. FULLER SAMS JR.
President
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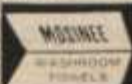
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EXECUTIVE TRENDS

By John Costello
Associate Editor

IF YOU PLAY SANTA

- SALVAGING CATS AND DOGS
- INVESTORS' SLIDE RULE
- IDEAS PAY OFF
- MANAGERIAL GAMES

Giving gifts for Christmas

Surveys show seven out of 10 firms do, Specialty Advertising Association says.

"Most executives," it adds, "now look on the gift to customers as a way to build goodwill. It's a public relations tool, and customer insurance."

"You don't get to see a good account as often as you'd like, so you send him a gift at Christmas. It reminds him that you're still around, and interested in him."

Most gifts, the Association reports, average about \$5 to \$7 and gifts up to \$25 per person are tax deductible.

"Some companies that are leery of gifts," it says, "send imprinted advertising specialties, instead. These are items that are useful, carry some printed message and cost less than \$4."

"Even government officials are allowed to accept them."

Hang on to that pretty wallpaper

Is your den papered with old stocks? Hang on to them.

Same for old bonds. Don't discard them till you're sure they're valueless. Take the New Yorker who bought a bundle (price \$40) to decorate his study.

Two years later, the story goes, the company had a windfall from a long forgotten legal action. The "wallpaper" was worth more than \$15,000.

R. M. Smythe & Co., Inc., securities valuation specialist, tells the tale.

"It's not an isolated case," the firm says. "Actually more than \$1

billion worth of old, supposedly valueless securities have never been cashed in. That includes \$180 million of Treasury obligations.

"Some, of course, were destroyed. But lots of them must be tucked away in attics or old shoe boxes."

How can you find out about yours?

Old issues of the "National Stock and Bond Summaries," the "Mines Registers" or the Scudder-Fisher "Manual of Valuable and Worthless Securities" will help. They give names of defunct companies and any assets held for security-holders.

Or, you can write the Secretary of State in the state where the firm was incorporated. Usually, he'll know whether it's alive or dead, and who its officers were. If the firm was dissolved, they should know if funds were held for the benefit of stockholders.

If so, the money may be on deposit, drawing interest, waiting to be claimed.

It pays to act promptly.

Sometimes deadlines are set for the exchange of old securities or recovery of cash.

Case of the telltale ribbons

They make nice, crisp black letters. But they'll tell tales out of school. That's one thing to remember about carbon typewriter ribbons.

"Don't forget, each stroke hits a new spot on the ribbon," one authority warns. "And you can read an old, discarded carbon ribbon, letter by letter, like a telegram tape."

What's the remedy?

"You can burn old ones," advises Morris Golde, president, Electric Wastebasket Corp. "But that's often impractical."

"Chopping them up in a shredder (his firm is a manufacturer of shredders) is handier."

How can you make sure they're destroyed, one way or another?

Insist that typists and secretaries turn in their old ribbons to get new ones.

What's a growth stock worth?

Say XYZ Corp. stock is selling for \$14 a share, and its earnings are \$1 a share. Its price-earnings ratio of 14 (which, of course, you get by dividing current price by current earnings) may seem just adequate. Nothing special.

But if XYZ is a growth company, that PE ratio could turn out to be mighty favorable. Obviously, it's worth knowing how favorable.

If XYZ's profits are increasing 10 per cent a year, compounded, the PE ratio of its stock bought today at \$14 will be 8.7 five years from now. If profit's growing at 15 per cent a year, its PE ratio in 1974 will be 7.0.

American Research Council, Inc., has a handy table in its publication, "Your Investments," that does this computation for you. It tells how to weigh prices of growth stocks in terms of future ratios of prices to earnings.

Current PE ratio	Ratio five years hence, if earnings increase annually at rate below:						
	10%	15%	20%	25%	30%	40%	50%
12	7.5	6.0	4.8	3.9	3.2	2.2	1.6
14	8.7	7.0	5.6	4.6	3.8	2.6	1.8
16	9.9	8.0	6.5	5.2	4.3	3.0	2.1
18	11.2	9.0	7.3	5.9	4.9	3.3	2.4
20	12.4	10.0	8.1	6.6	5.4	3.7	2.6
22	13.7	10.9	8.9	7.2	5.9	4.1	2.9
24	14.9	11.9	9.7	7.9	6.5	4.5	3.2
26	16.1	12.9	10.5	8.5	7.0	4.8	3.4
28	17.4	13.9	11.3	9.2	7.5	5.2	3.7
30	18.6	14.9	12.1	9.8	8.1	5.6	3.9
32	19.9	15.9	12.9	10.5	8.6	5.9	4.2
34	21.1	16.9	13.7	11.1	9.2	6.3	4.5
36	22.4	17.9	14.5	11.8	9.7	6.7	4.7
38	23.6	18.9	15.3	12.5	10.2	7.1	5.0
40	24.8	19.9	16.1	13.1	10.8	7.4	5.3

Of course, it works two ways. Say your "growth" firm's profits shrink; then five years from now your PE ratio will be higher.

Meaning you've paid more than \$14 per \$1 of earnings or cash flow.

It pays off \$4 to \$1

How's this for a challenge? Examine the insides of a jet engine

CAPITALIZE ON THE MOST POWERFUL SALES INCENTIVE EVER DEvised BY MAN:



WOMAN.

One thing women love with a passion is S&H Green Stamps. Nearly 65% of American housewives save them. And when a wife wants stamps, her husband does what it takes to get them: he works harder, earns more, sells more. That's the secret behind the success of S&H Green Stamp Sales Incentive Plans at so many companies.

A national mutual fund sales organization, for example, doubled its business each year for 5 years with S&H incentives. Another company added \$2 million in sales. An industrial manufacturer increased sales 22%.

Another unique advantage of S&H incentives is that a wife can add

her husband's stamp awards to the stamp books she's saved on her own, and so accumulate gifts faster.

Once she's collected her stamps, there's no waiting for gifts. A family can pick up its gifts at any of the over 800 S&H Redemption Centers throughout the country. For S&H is the only nation-wide stamp plan.

We're also the largest and oldest motivation company in business. We provide not only sales incentives, but incentives for safety, attendance, efficiency—everything.

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EXECUTIVE TRENDS

continued

—without taking it apart. Engineers tried but failed.

Then Dean Webster, a United Air Lines mechanic, succeeded. He hooked up a powerful, 10,000-candlepower light to a fiber optic tube—the kind doctors use to peer down your gullet. He poked it into the engine, lit up its insides, then examined them through a boroscope.

His idea was submitted under United's company-wide employer suggestion system program. It won a \$14,600 award from United. At that, it was a bargain. It cost the airline \$20,000 to dismantle a jet engine for a checkup. His idea gives better maintenance and safety and saves \$144,000 a year.

Mr. Webster's suggestion was one of some three million employee suggestions reported last year by 233 of the National Association of Suggestion Systems' 1,500 members. The Chicago-based group says some 725,000 merited cash awards.

"For every \$1 they pay in awards, employers save \$4," says J. R. Watts, Association president, and head of the suggestion program at Nationwide Insurance Co., Columbus, Ohio.

"It's a good way to tap employee know-how, if your suggestion system is well-programmed."

Games that executives play

No, not golf or poker.

But games like Top Brass or Venture, BIG, CHASE, Joblot, Low Bidder, Marketplan, Project SOBIG, SELL, ADPLAN, STEPS, Bankloan, OASIS and ASCOT.

They're some of the business games now in use to hone executive skills.

American Management Association put together one of the first practical models in 1956. AMA called it "Top Management Decision Simulation."

Within 10 years more than 60 major collegiate schools of business were experimenting with them. Now there are hundreds of business games. General Electric, Ford Motor, Georgia-Pacific Corp. and the Kroger Co., among other firms, use them as training tools.

Two Oregon State University professors, Robert G. Graham and Clifford F. Gray, name and describe more than 170 in their new "Business Games Handbook" published by AMA.

The games fall into two different groups, designed to teach:

- Decision-making at the top management level.
- Specific skills in a special management area, such as finance, marketing, inventory.

For example, there are games for hotel management, retailing, collective bargaining, office administration or marketing petroleum products. Some require a computer, some don't.

How good are they?

Advocates say they let you learn by trial and error in a mock-up of real life. Critics say game-trained executives won't react the same when using live ammunition as they do when they're shooting blanks.

The authors concede: "The game is only as good a teacher as those who administer it. And it imparts knowledge only as part of a greater educational context."

But, they add, "When you weigh

the advantages of gaining experience in a simulated environment against the possible cost of bombing out in real life, the argument for games is persuasive."

Books for busy businessmen

- "The Business Cycle in a Changing World"—Thirteen essays by Arthur F. Burns, Presidential counselor named to head the Federal Reserve Board. National Bureau of Economic Research, \$8.50.
- "An Executive's Primer on Public Relations"—A how-to-do-it book by one who knows, John F. Budd Jr., group vice president, Carl Byoir & Associates. Chilton Book Co., \$5.95.
- "Management Guides to Mergers and Acquisitions"—What to look for before you leap, edited by John L. Harvey and Albert Newgarden. John Wiley & Sons, \$14.95.
- "Readings in Modern Retailing"—An anthology of practical wisdom on all aspects of retail selling. National Retail Merchants Association, \$12.
- "International Directory of Marketing Research Houses and Services"—A guide to marketing and allied services in 38 countries. American Marketing Association, \$7.50.

Here are some books that will entertain as well as inform. Most are handsomely illustrated.

- "The First 50 Years"—The story of the National Football League, its history, heroes, records and strategy. Simon & Schuster, Inc., \$14.96.
- "Touchdown—Picture History of the American Football League." G. P. Putnam's Sons, \$9.95.
- "Golf Magazine's Tips from the Teaching Pros"—Hundreds of pointers on how to lower your score from men who make a living helping others play better golf. Harper & Row, \$6.50.
- "America's Camping Book"—A fact-filled, 550-page how-to-do-it book, with rundown on major U. S., Canadian and Mexican campsites. Charles Scribner's Sons, \$8.95.
- "The Horse in the West"—Bradley Smith's tale of the horse—the quarter horse, Appaloosa, thoroughbred and Arabian—in the American West. World Publishing, \$17.50.
- "Fighting Ships"—From their origin in Egypt to the modern American carrier. G. P. Putnam's Sons, \$15.

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PANORAMA

of the nation's business

by
Vernon Louviere
Associate Editor

Olin Corp. Sows Ghetto "Seed Money"

Timothy Person of St. Louis is a black businessman who has been successfully operating a fleet of 12 moving vans in 35 states.

Until recently, although he had the know-how, he could not find the financial backing to buy more equipment and expand into a coast-to-coast operation.

Now, however, he has found that backing at St. Louis' black-controlled Gateway National Bank, which itself is just beginning to turn the corner after a rocky four years of existence.

For black businessmen like Timothy Person, financing is becoming more available as more and more giant businesses channel money into black banks.

A good example is the Olin Corp. (formerly Olin Mathieson Chemical Corp.), which has just put payroll taxes of approximately \$7 million and



Gordon Grand tells how company funds pump life into black banks.

\$400,000 in time deposits in Gateway National and 11 other Negro commercial banks in areas where Olin has plants.

Olin's program has a "seed money" multiplier effect. For every dollar the company adds to a bank's resources, the bank can lend several

more to its clients. "Funds made available to the ghettos by this program will reach borrowers through established black banks staffed to investigate loan applications and presumably in a good position to evaluate the black businessman's problems and capabilities," says Gordon Grand, Olin president and chief executive officer.

"We hope to aid the economies of these poverty areas without intruding in any sense into their handling of their own affairs."

Timothy Person hopes to offer more training and jobs to Negro drivers, traffic managers and subcontractors, contributing to the economic strength of the black community.

"The hat-in-hand approach is no answer to the Negro's economic plight," Mr. Person points out. "Tokenism is okay to a point, but we need a strong financial base to gain the respect of the white community and stand on our own two feet. To get equality, we'll need competing businesses."

Prison Is No Bar to Computer Work

There isn't much similarity between safecracking and computer programming, but men with a predilection for one are showing aptitude for the other at the state correctional institution in Walpole, Mass.

In a break with the traditional prisoner work role of turning out auto license plates for the state, Walpole inmates not only are being trained in the electronics art but are providing computer programs for various state agencies.

The training course was established two years ago by the Electronic Data Processing Division of Honeywell, Inc., in nearby Wellesley Hills. It was started at the request of prisoners who had read about the job

potential of the computer industry. Prison officials liked the idea and passed it along to Honeywell.

"We told the men that the success of the program was strictly up to them," Malcolm D. Smith, staff advisor in the company's marketing education department, recalls.

"If we found they were not interested, or not willing to do the necessary homework, or just not capable of learning programming, we would withdraw the class. In other words, we put the burden of proof totally on their shoulders."

The handful of inmates who volunteered showed not only that they were willing to do the homework but that they had the capacity to learn the intricacies of computer programming. This year the prisoners figure to supply \$100,000 worth of programming to the state Controller's

Office and Departments of Education and Employment Security.

It is interesting to note what has happened to six of the early "graduates." Three are working as programmers. (Two found jobs easily. The third took five months to land one, but that's understandable. At 46, his entire lifetime work history consisted of exactly half a day—he went to work for a candy company in the morning and quit at noon.)

The fourth won an academic scholarship to a Massachusetts college. His first semester grades averaged 3.57 on a scale of 4.0. Not bad for a man who was a high school dropout and had had no formal schooling for 12 years.

The fifth is working at Yale University on psychological game theories and the sixth is assistant general manager of a corporation.

Armco Is Opening a Door for the Young

Businessmen can learn something from the experiences of Armco Steel Corp. on the college campus.

Armco has been developing an effective dialogue with young people by turning them on. The approach is simple, costs very little and reaps an abundance of goodwill.

Each year since 1965, Armco men have visited the design schools of four different colleges, offered a small grant, and asked the schools in return to involve their students in a tough design problem.

One year the students worked on transportation. The next year, the focus was on agriculture. Then it was on household services, and this year it's on ocean hardware. Next year, the students tackle leisure time activities.

After the initial approach Armco drops out of the picture. Then the school turns its design students loose on the project and they design what they want, using the materials they want. Models are built to demonstrate the designs. At the end of the year Armco re-enters the picture by bringing together a group of engi-



Students design highly marketable products in an unusual program.

neers or other specialists in the field of the design problem at hand and having them criticize the finished products.

Some of the results are remarkable. In 1966, students in the group working on transportation discovered that half of all heart attack victims die before they get to a hospital. The upshot: They and other students in the program developed the Heartmobile—a specially-equipped ambulance in which a coronary pa-

tient's electrocardiogram is taken and flashed electronically to the hospital, where the findings are examined by heart specialists. (Staff doctors prescribe emergency treatment while the patient is still en route, and the hospital is ready for action the moment the Heartmobile arrives.)

This brainstorm of kids is now saving lives in Columbus, Ohio, and a foundation is exploring the possibility of buying Heartmobiles and giving them to hospitals in metropolitan areas.

Youngsters also have designed a shrimp harvesting system that interests a manufacturer who has spent a considerable amount of money unsuccessfully trying to make one on his own. A torqueless underwater drill is being patented on the advice of industry people. A new mass production method of producing oysters shows great promise.

Lee F. Weitzenkorn, Armco vice president for research and technology, sums up the concept:

"We just open a door, and these young people do the rest. But we believe we have helped in communicating to these students that big business can offer some tremendous challenges and the freedom for independent thinking on real problems."

Those Litter Bits Can Hurt Less

Secretary of Health, Education and Welfare Robert H. Finch says modern man no longer enjoys the margin for error he once had to protect him from his "ecological miscalculations."

What he is saying, of course, is that the day of reckoning has arrived and we must somehow turn back the clock before we are overwhelmed by pollution in all its forms.

While most public attention has been focused on air and water pollution, the spreading problem of solid waste is not so well recognized. Yet the fact is that we are in danger of burying ourselves under a mountain of waste.

Industry is now using its ingenuity to try to eliminate those

things it has designed, with the same ingenuity, to package the million and one products that the American consumer demands.

The glass industry, the plastics industry, the metal industry—they all are trying to find ways to dispose of packaging material. Recycling is a word you'll hear more and more.

A reclamation program started by Reynolds Metals Co. is only one of numerous examples of how the solid waste problem is being attacked. Aluminum, unlike many metals, is virtually indestructible. You toss a beer can or soft drink can made of steel on the side of a highway and eventually it will rust away. Not an aluminum can. But this same indestructible quality of aluminum gives it a high salvage value, and that is the key to what Reynolds is doing to fight solid waste.

In Miami and Los Angeles, Reynolds has launched can reclamation programs to rid streets of carelessly-discarded aluminum packaging material. Boy Scouts, beautification supporters and others have joined in and they're making money.

The anti-litter campaign in Miami is netting a children's hospital about \$1,000 monthly. Goodwill Industries is benefitting.

It is another way of raising money for charitable organizations.

People in all 50 states have praised the program and want to start one of their own. Says David P. Reynolds, executive vice president:

"No one industry can solve the problem single-handedly. But we have our contribution to make. With the understanding and cooperation of the American consumer, it can be a profitable venture for all of us."



No telling what you might find behind the doors of a Chevy-Van these days. It keeps working its way into more and more businesses.

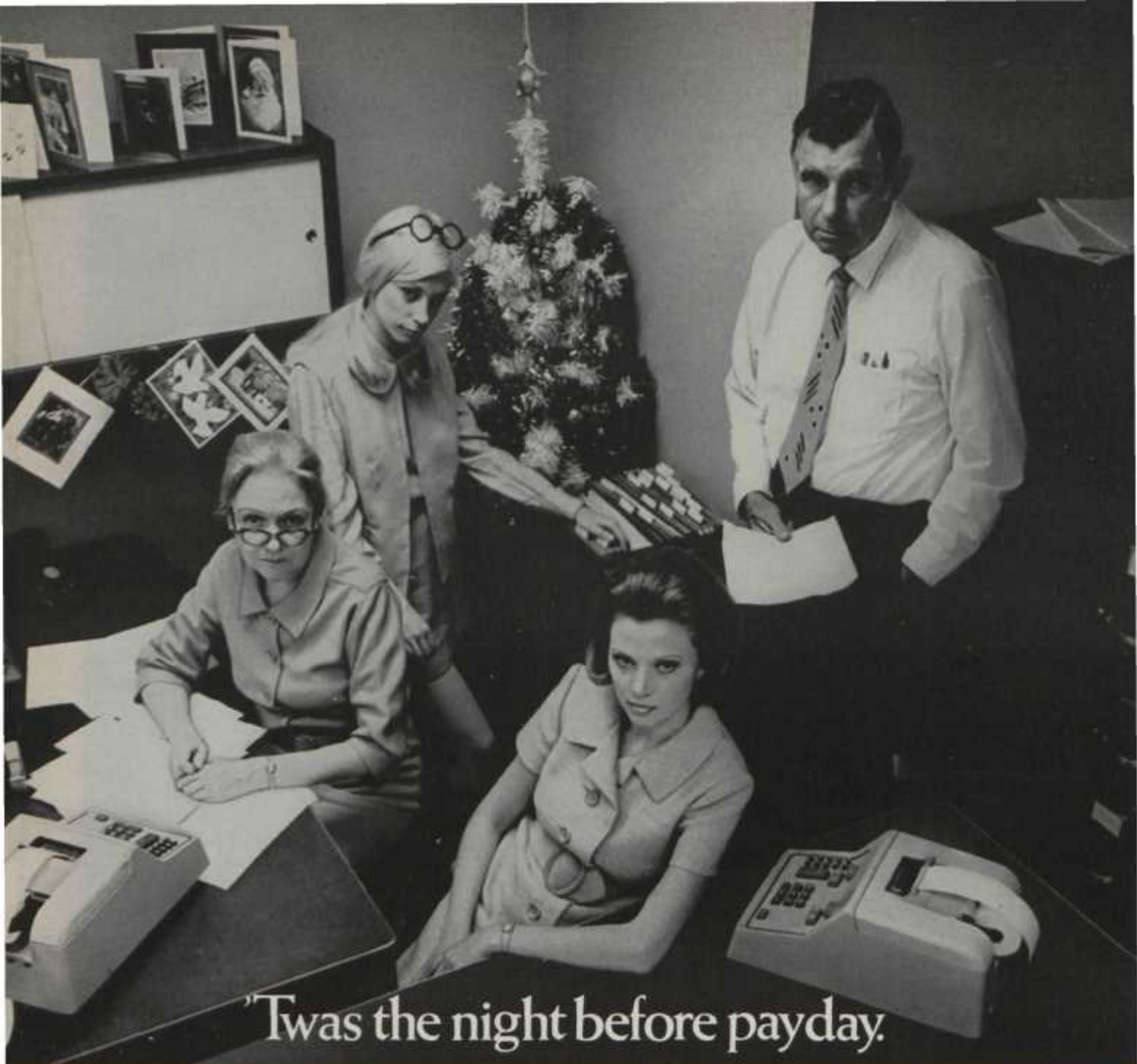
Why Chevy-Van? Low price, for one thing. And the most powerful standard engines in its field. And low price. And outstanding maneuverability.

And low price. The fact is, you just can't find a popular van that costs less. Or does more. Chevy-Van is built to put in long, productive hours. Like we say, putting you first, keeps us first.



On the move.

Busy body.



"Twas the night before payday.

And all through the office, every creature was stirring.

You see, it was that time of the year again.

When a small business has to get out not only the payroll.

But the W2 forms and year-end reports as well.

Chances are that people in the office have to work after office hours.

If you're like most businessmen, you've been confronted by this problem.

But now you can solve it with a new

computer especially designed for small businesses.

System/3. The small business computer.

With System/3, you'll be updating and storing payroll information all year long. On tiny punched cards that can soak up more information than those three times their size.

When W2 time looms ahead, just ask your system for the information.

In minutes, out come the W2 forms. All printed and ready to go.

With System/3's help, you can turn your inventory. Not just store it.

You can figure out what's selling. And what isn't.

You can age your receivables. Keep

weekly (or monthly) sales records. Identify sales trends based on what's happened in the past.

With System/3 you can rest assured.

That the night before payday will be for all a good night.

System/3. The small business computer.



IBM®

SOUND OFF TO THE EDITOR

SHOULD CRIME VICTIMS BE PAID?

If a man is arrested for committing a violent crime, the state pays for his incarceration, often provides him with a lawyer and, in some cases, takes over support of his family.

The victim may be seriously injured, incur a big medical bill and suffer a sizable loss of income.

Hence the question: Should the government compensate victims of crime?

Five states now have assumed this responsibility and crime compensation bills are pending in a number of legislatures. Meanwhile, a new effort is under way in Congress to extend financial aid to criminal victims in the District of Columbia and all federal territories.

The concept is by no means a newfangled one. In the Middle Ages,

public and private compensation of crime victims was accepted practice. It was only abandoned when the state assumed responsibility for criminal prosecutions and political leaders used the prosecutions to generate funds for their treasuries.

In modern times, state compensation of crime victims was first reinstituted in New Zealand in 1963. The practice has since been adopted in Britain, in Australia's state of New South Wales and in the Canadian provinces of Saskatchewan and Newfoundland.

Aside from the cost, the only real opposition to compensation is based on the feeling that it may invite carelessness on the part of potential victims in the same way that property insurance may make a person less

likely to protect his possessions because he knows he'll be reimbursed for loss.

The American states which pay crime victims are California, New York, Maryland, Massachusetts and Hawaii. Depending on the state, compensation is limited to medical expenses, or also covers deprivation of income and even loss of property. And it may involve only certain crimes.

Limits vary, too. In New York, the maximum payment is \$15,000. In Maryland, it's \$30,000. Hawaii is the only one of the five states that doesn't require a victim to show "hardship" or "need."

In these days, it is not safe to walk the streets in many American cities. What do you think? Should crime victims be paid?

Jack Wooldridge, Editor
Nation's Business
1615 H Street N.W.
Washington, D.C. 20006

Should crime victims be paid?

☐ Yes ☐ No

Comments:.....
.....
.....
.....
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Name and title.....

Company.....

SOUND OFF RESPONSE

CLEAN SWEEP FOR A CLEANUP

By the kind of margin politicians dream of, *NATION'S BUSINESS* readers back action to raise morality minimums in print, on the air and on the screen.

"Yesses" outnumber "No's" 10 to one in answer to last month's "Sound Off to the Editor" question, "Should smut be curbed?"

The theme that pornography is a danger to the nation as well as to individual citizens runs through many "Yes" answers.

"Anything which undermines basic virtues should be outlawed," writes Foster G. McGaw, chairman, American Hospital Supply Corp., Evanston, Ill. "You can destroy our society by undercutting its respect for morality, for integrity—and for our parents, grandparents and forefathers."

The problem pornography poses for parents is another common theme. "As a father of seven children, I find it most frustrating to read of repeated lower court reversals by our federal Supreme Court favoring smut under the misguided guise of constitutional rights," says William Cyr, purchasing director, the Westran Corp., Muskegon, Mich. "How on earth can parents possibly censor for our children when they can't go near a magazine counter, open a newspaper or watch television without full exposure to smut?"

Answers on the other side lean toward noting danger in censorship, and toward the theory that the smut problem will take care of itself.

"Unrepressed, smut curbs itself," writes Richard Peck, assistant director, Council for Basic Education, Washington, D. C. "The Danes have learned smut in an unregulated mar-

ket loses value—in price and in interest. Those few for whom pornography is a psychological need will obtain it; it is stupid to add to smut's profit by causing it to be bootlegged. A glance into any smut shop reveals a clientele of middle-aged, middle class males of an age to decide for themselves what they will read. In youth, denial builds a taste for pornography."

Says Francis C. Tighe, a transportation and distribution consultant of Greenwich, Conn.: "Let them get fed up to the neck with it. Then it will curb itself."

Benton A. Goldman, a Honeywell Co. official in Chicago, Ill., has other reasons for opposing action against smut. "The Constitution specifically forbids censorship," he writes. "I don't want someone else to decide for me what I can read, see or hear. And who is qualified to make the decisions on what is and what is not pornographic?"

The problems of defining smut concern others on the "No" side, as well as many on the "Yes" side.

Frank G. Lee of Fulbright Wood Products Co., Fayetteville, Ark., writes that his answer would be "Yes," if I get to define 'smut,' and 'No' if you do—and we could never agree on a third party to act for us."

John Bathen, assistant vice president, Mutual of Omaha Insurance Co., Omaha, Nebr., suggests the determination be made by "a board of control—of elected officials—representing the fields of art, motion pictures, TV, science, medicine, industry, etc."

R. W. Dugger, vice president, J. I. Case Co., Racine, Wisc., proposes a new edition of Will Hays, the long-

time arbiter of Hollywood decency, and has this to say about smut and the artist: "In the old vaudeville days, when you saw a performer turn to smut, you knew it was a substitute for talent."

E. E. Mallette of Detroit, Mich., sales manager for the Burlington Lines railroad, says "strict controls of youthful patrons—a law with teeth—would do the job, if good intentions of 'censors' could be believed." He adds that "adults should be able to view or read anything"—a view shared by many other "Yes" answerers.

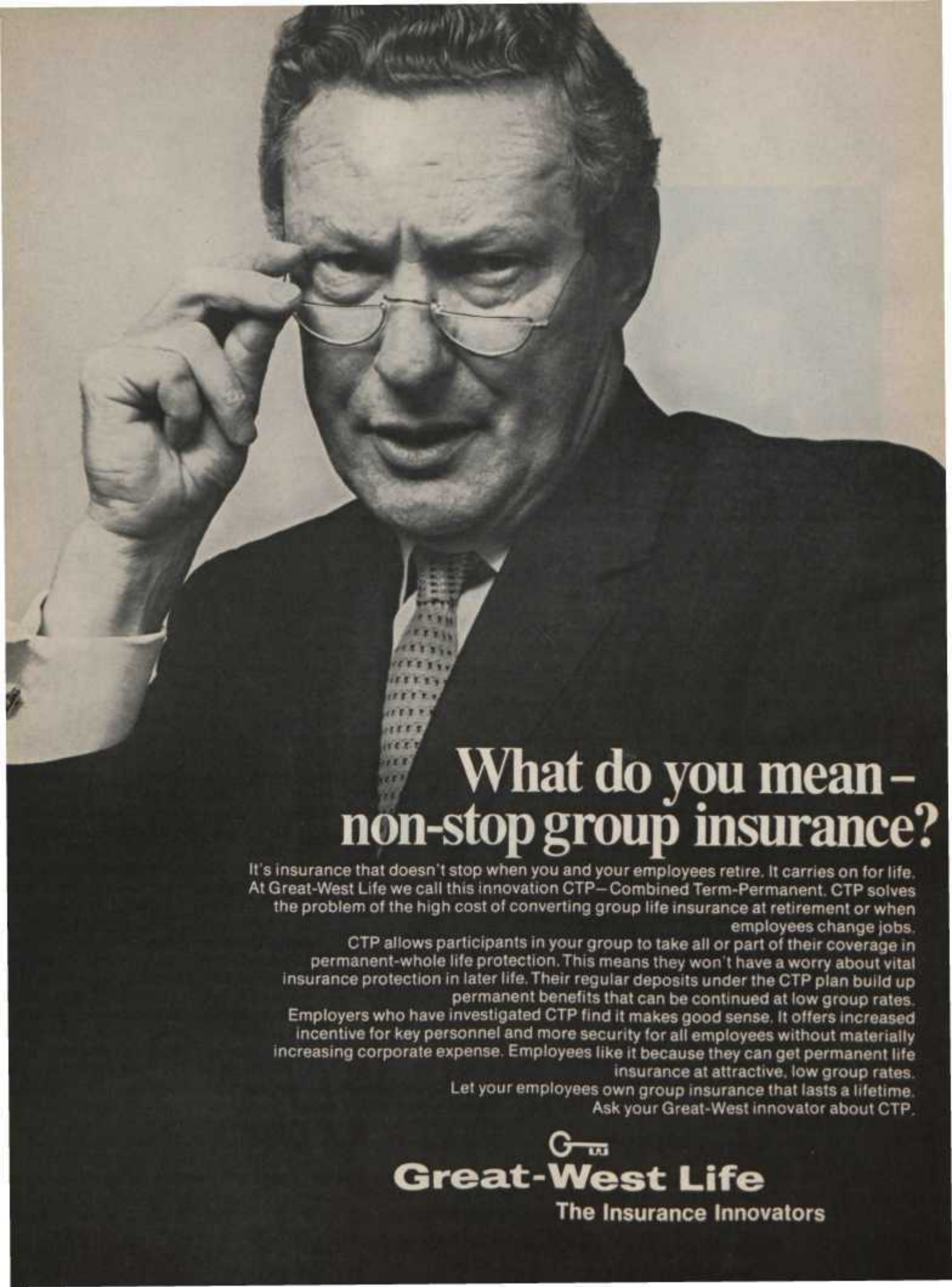
Gerald Holland, vice president of the Citizens Bank & Trust Co., Springhill, La., says he favors the late Sen. Everett Dirksen's proposal "to allow local juries to be the final judge without appeal rights of what is pornographic; Congress can grant this right and should do so without delay."

Joseph W. Altman, of the Altman & Chisholm insurance agency, Skokie, Ill., suggests a nongovernmental tactic: "A chain letter approach to boycott stations as well as sponsors," when TV programs cross the line of decency.

The legal approach won't mean much, according to Frank T. Hardwick of Hardwick Clothes, Inc., Cleveland, Tenn. "Laws that people enjoy violating will never have much effect on human behavior," he writes.

But letter after letter reveals deep feeling that something should be done about pornography.

"I do not take pen in hand to write to editors, frequently or even occasionally," says J. C. Berghoff, associate general counsel, Swift & Co., Chicago, Ill. "But I feel strongly that one of our country's most serious problems of the day is the phenomenon of rampant smut."



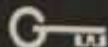
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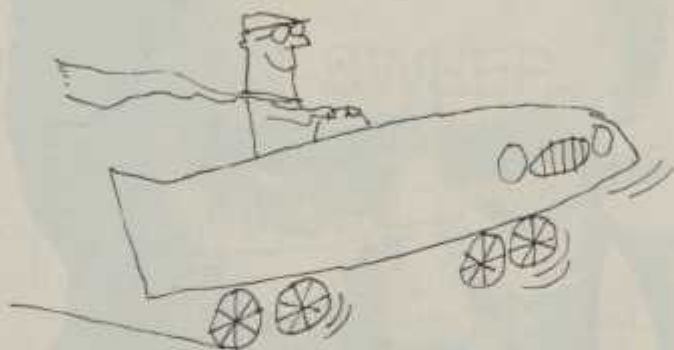
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Advertise here. According to a recent national survey, you and the rest of our readers, own more cars per household than the readers of Wall Street Journal, Newsweek, Time, U.S. News, or any of 64 other magazines. That's a pretty high powered market. Not only for cars. But tires, gas, oil, tourism, what have you. We hate to toot our own horn, but when you think about it, our over 2,000,000 readers are a pretty good market for anything.

—Nation's Business.

Slicing the Federal Tax Pie

Paul W. Eggers,
Treasury Department
general counsel,
explains how the
Nixon revenue sharing
plan would work



PHOTO: RENÉE WISSEL

"This proposal marks a turning point in federal-state relations, the beginning of decentralization of governmental power, the restoration of a rightful balance between the state capitals and the national capital."

On this note President Nixon asked Congress to enact a revenue sharing program so that states and local communities can take the federal income tax dollar and spend it more efficiently, more effectively and with no strings attached.

Revenue sharing has been talked about for many years. It has Republican and Democratic support. Governors of most states approve of it. And numerous mayors endorse it.

In an interview with NATION'S BUSINESS, Paul W. Eggers, general counsel for the Treasury Department, explains revenue sharing and what the Administration hopes it will accomplish.

What is revenue sharing?

It is taking part of our federal income taxes and sending them back to the states to be shared with the state and local governments. It's a form of federalism.

Why do we need it?

Well, people feel that the federal government has gotten too complicated and too distant, that it is not really concerned about problems at the local level. That it doesn't have the facilities and manpower to solve those problems.

Revenue sharing is a means of bringing the money back where the problems are, where the people have the talent to solve these problems.

How will it work?

If Congress approves, revenue sharing would begin in 1971 on a rather limited basis. In that year, one sixth of 1 per cent of the income taxes

would be sent back to the states. Gradually, this would be increased so that 1 per cent would be returned to the states in 1976. The total figure would come to \$500 million in 1971 and, by current projection, \$5 billion in 1976.

Will \$5 billion be the ceiling or can it be expanded beyond that point?

I think this is the noble beginning. That \$5 billion may just be the starting point.

I discussed this recently with the State Legislators' Association and told them that this is not designed to encourage them to avoid their responsibilities at the local and state level. It is really a challenge to state legislators and the governors. This is where the real key to success lies; not at the federal level. The states will get the money and tackle their own problems.

Are there any drawbacks in this plan

Slicing the Federal Tax Pie *continued*

as far as the federal, state or even local governments are concerned?

One drawback, of course, is that we are starting on such a small scale. When you spread this small amount of money through all the various state governments, the counties, the townships and the cities, it will be spread quite thinly. But it is a start.

The transition in bringing some of our local and state governments up to the level where they will be able to handle on their own problems the

Some members of Congress, too. They feel that this money should not be turned back, that these problems can best be handled at the federal level.

President Nixon says revenue sharing is integrally related to welfare reform. Why is this?

The Administration's new welfare program is the first real reform in this field since the Thirties, with heavy emphasis on self-help. Part of this shared revenue probably will be used by the state and local governments in their welfare programs. Eventually, more and more of this money could move into welfare and other domestic spending areas.

How will the shared revenue be allocated among the states?

The first factor is state population. You take each state's population and multiply it by that state's revenue effort. The result is then divided by a national common denominator representing population times revenue effort for all the states. The answer is the state's percentage share of the amount of the over-all allocation.

What does revenue effort mean?

It is the percentage of total personal income that a state's residents pay in state and local revenues.

So the revenue sharing plan is based first upon population. Then, those states and localities with a revenue effort above the national average receive a bonus. (Nationally, 12.15 per cent of all personal income goes to state and local revenues. This 12.15 per cent is the national average revenue effort. States with a higher percentage get higher revenue sharing payments).

You mean that a state with a good revenue effort, a wealthy state, will not be penalized to help a poorer state?

That's right. If a state says, "Let's just slack off on our revenue efforts because we are getting something from Washington," it will be penalized. That's the other side of the coin. But revenue effort has no necessary

relation to a state's wealth. Some "poor" states make very substantial revenue efforts and some "rich" states do not.

By offering encouragement at the local and state levels, we can get those units of government to increase their revenue effort. As a consequence, they will get a bigger share of the federal revenue sharing dollar.

The local governments' share of the revenue sharing payment to a state is referred to as the "pass through." What does this mean?

A single payment is made to a state with the requirement that part of it "pass through" or be sent on to local government units. By local government, we mean the county, township and the city. That excludes school districts, hospital districts and all the other kinds of districts. The payments to individual localities are determined by the ratio of the total taxes collected by an individual government to the total of all local taxes collected within the state.

What happens, say, where you have a city like Detroit, with all of its problems and need for money, and a wealthy suburban community like Dearborn? Would the people of Dearborn feel they were being put upon if their federal tax money came back as a revenue sharing payment to support things in Detroit they may not want to support?



federal government now helps them with will cause some difficulties initially.

Aside from the Administration, who is really in favor of revenue sharing?

The 50 state governors are almost unanimously for it. So are the mayors. And many state legislators.

Take state legislators, for example. Right now they are forced to look for more income wherever they can find it. Close to 70 per cent of the available tax dollar is spent at the federal level. State legislatures have no place to turn.

Who is opposed?

Well, some people in government.





I don't think so, any more than when they pay federal income taxes and they are distributed in other programs all over the country. All the money may not be returned to suburbia where they live; some goes to solve the problems of the inner city.

Under the plan the states will spend these revenues where they deem best. What safeguards are there to ensure that the money is not improperly handled by, say, a dishonest state or local official?

An accounting will have to be made quarterly to the Secretary of the Treasury.

He, in turn, will have the right to order an audit if he suspects something is out of line. There will be adequate safeguards.

One of the revenue sharing bills in Congress would set a population floor so this money wouldn't pass through to the very smallest political units where you might be supporting an inefficient government unnecessarily. What is your thinking on that?

When you start doing this, you create more problems than you solve. Take some of our rural areas. Many small towns have problems that are just as real and just as pressing as those of the urban areas.

Some, with a little bit of help, can start solving their problems. They should not be ignored.

What effect will revenue sharing have on existing federal aid programs?

None immediately. But in time I can see revenue sharing playing a larger relative role in our total state and local aid effort. In addition to revenue sharing, the Administration would like to consolidate many of the existing grant programs into fewer and more functional categories.

Do businessmen have a stake in revenue sharing? Would it be advantageous to them?

I think it would. Consider one of the businessman's greatest needs—trained personnel. Many school systems around the country are not equipped to turn out these kinds of students. Revenue sharing will give the states an opportunity to bring about better education. Businessmen know better than anybody else that vocational or technical training programs in our country are deplorable. If we can improve this training at the state and local level it would help the businessman immeasurably.

What would be the businessman's role?

Look at your local governing bodies. Who generally serves on them? Your businessman. He lives right in the community. He knows what the problems are. He knows these problems cannot be solved without adequate funds. If this money is available his business senses will tell him where it should be spent.

How will the federal government work with the civil rights issues with this money?

Revenue sharing will have no strings attached, as do existing grant-in-aid programs. Of course, funds could not be used illegally. All applicable laws, including civil rights laws, will affect revenue sharing.

Why is revenue sharing preferable to giving to the local community an offsetting tax credit against the federal income tax liability?

We have a simple formula here to

determine what goes to whom. The statistics are already available. You don't have to prepare new statistics.

It will simply be a matter of writing 50 checks to the states and one to the District of Columbia. It will be more manageable.

Will this bring about savings in the cost of federal programs?

The amount of savings will be small at first. Eventually, as the program progresses, you may start



seeing cutbacks in the growth of various federal programs at the local and state level.

You may be able to eliminate some program, because it is being carried out more effectively by the local community.

Will this eliminate some of the complaints of delays and uncertainties in carrying out these federal programs?

Yes. Revenue sharing will speed up the process because the money will go directly to the state. Within 30 days after the states get their money from the federal government, they will send it down the line to the local

Slicing the Federal Tax Pie *continued*



governments. It is just as simple as that.

A lot of states and cities have antiquated or outmoded tax collection systems. Will revenue sharing encourage them or even require them to change and update these systems?

There won't be such a requirement. But I think the local governments will see an incentive in putting their best revenue efforts forward. Under revenue sharing there could be more exchange for useful ideas among local governments. This could include better methods of setting up improved tax collecting systems.

Will the states and local governments be in trouble if the revenue sharing funds decline in a period of recession?

Well, many programs will be in trouble if there is a recession and this means cutbacks. But revenue sharing is based on the idea that we are going to continue to have economic growth.

If the plan passes Congress, will you have to create a big new department and hire thousands of employees to carry out revenue sharing?

No. That's the beauty of it. We will have all the statistical information we need and simply feed it into the computer. The machine will respond, "Treasury, here are the checks you can write out." It will be that simple. END

The Plan in Brief

The ABC's of President Nixon's revenue sharing plan:

Amount of federal money to be shared: A fixed percentage of total personal income subject to federal taxes. If the plan takes effect next July 1, about \$500 million would be earmarked for sharing in that fiscal year—or about one sixth of 1 per cent of taxable income. The amount would go up by steps and reach a permanent 1 per cent, about \$5 billion, in the fiscal year beginning July 1, 1975. The dollar total would increase thereafter as taxable personal income goes up.

Distribution: To each of the 50 states and the District of Columbia under a formula based on their population and "revenue effort"—the percentage of income their residents pay in state and local taxes.

"Pass through": The funds a state must send on to its county, city and town governments. The amount would be determined by a formula based on a comparison of how much a particular unit of government collects in taxes with total state and local taxes collected within that state.

Using the latest available data, here's how the formula would work in Iowa, for example:

State share: With total personal income of \$8.5 billion in 1967, Iowans paid \$1.1 billion—or 13.4 per cent—in state and local taxes.

Apply that 13.4 per cent to the state's population—2.7 million—and you get 367,532. Make the same computation for each state and the District of Columbia, then add the 51 answers, and you wind up with 24,265,172.

Iowa's 367,532 is 1.52 per cent of that national total. So the state gets 1.52 per cent of each revenue sharing distribution—\$15.2 million out of each \$1 billion.

Local share: Of the full \$1.1 billion in taxes paid within Iowa, local governments collected \$288.6 million—about 25 per cent. The state must therefore send on to its local governments 25 per cent of the \$15 million it receives, a "pass through" of \$3.8 million.

How is that amount divided? In Des Moines, for example, residents paid \$20.3 million in city taxes. That was 7.05 per cent of the \$288.6 million collected by all localities.

So Des Moines gets 7.05 per cent of the \$3.8 million local share, or \$269,186.

THIS MONTH'S GUEST ECONOMIST

Beryl W. Sprinkel
Senior Vice President
Harris Trust and Savings Bank
Chicago, Ill.



THEORY VERSUS PRACTICE

When President Kennedy took office in 1961 the economy was near the bottom of a recession. Unemployment was high; inflation was dead as a dodo bird.

In the next four and a half years, economic growth accelerated, but prices remained essentially flat. Consequently, the "New Economics" was widely acclaimed as the modern answer to society's demands for rising living standards in a stable price environment.

However, since mid-1965, prices have spiraled sharply upward, and real economic growth has slowed. The economy shows signs of faltering. What happened?

It now appears that inadequate emphasis by the "New Economists" on the strategic importance of monetary policy resulted in very serious inflation. Their approach leaned heavily on use of fiscal policy, i.e., government spending and revenues, as the major tool for influencing private spending, with monetary policy playing a subsidiary and accommodating role.

Large government deficits, beginning especially in 1965, encouraged the Federal Reserve to purchase government securities in order to insure successful financing. These purchases augmented bank reserves and induced greater growth in the money supply. Since interest rates rose, "New Economists" argued that monetary policy was nonetheless tight.

A contrasting view receives its rationale from the theory that the major independent factor influencing private spending decisions is change in the money supply. Monetarists

emphasize that monetary policy should be measured by growth in the money supply and closely related variables rather than credit and interest rates. They say current high interest rates result from previously easy monetary policies which accelerated monetary growth, increased spending and brought inflation.

The debate is not over, but scientific studies by authors including Clark Warburton, Milton Friedman, Anna Schwartz, David Meiselman, Leonall Andersen, and Jerry Jordan have demonstrated that changes in monetary growth have been closely correlated with later private spending changes.

And actual events which have tested the monetarists' position have been even more influential in changing men's minds.

From mid-1965, when the Viet Nam war escalated, until April, 1966, the money supply expanded at a 6 per cent annual rate. In the next seven months it declined. In late 1966, monetary growth again rose sharply and there was a 6.6 per cent rate of growth throughout 1967 and a 7.2 per cent rate in 1968.

So much for the money supply. How about the economy?

In late 1966 and the first half of 1967 it ceased growing, inflation abated and a mini-recession developed. About two quarters after rapid monetary growth developed, the economy again raced ahead, with inflation accelerating.

Since monetary change precedes spending change by two to three quarters, the business pattern in 1966 and 1967 is readily explainable by the monetarist view but appears in-

consistent with the fiscal view since the budget deficit continued to increase.

Perhaps the most dramatic test occurred last year. The 10 per cent surtax imposed about mid-1968 resulted in a "restraining" swing in the full employment budget from a \$15 billion deficit to a \$9.4 billion surplus. Then, because of fear of "overkill," the Federal Reserve unfortunately eased monetary policy.

"New Economists" predicted the economy would slow, inflation would abate and interest rates would decline. Monetarists argued that since monetary growth remained very high, the economy would continue rapidly upward and inflation would remain a serious problem. Clearly the monetarist theory again gave the better explanation and prediction.

A further test now is under way. In early 1969 the "New Economists" felt that the economy would slow in the year's first half but would speed up in the last half as the budget provided more stimulus.

The monetarists predicted a strong first half due to rapid money supply growth in the last half of 1968, but a slower pace in the last half of 1969 due to the reduction in monetary growth which began in December, 1968. (Growth in money supply this year has been at a 3 per cent annual rate, well below the rates in 1967 and 1968.)

In the first half of 1969, gross national product rose rapidly, inflation became more serious and interest rates reached the highest level since the Civil War.

Since this Administration consists of policy-makers who favor more moderate and less volatile growth in the money supply, will inflation become less severe?

Probably so, if the Federal Reserve cooperates as expected. But once inflation becomes as serious as it now is, a remedy is impossible without a short-run economic slowdown.

If a severe downturn is to be avoided, monetary policy must ease, though hopefully a sharp rise in the money supply will be avoided. When more stable prices have been achieved and economic growth is resumed, there is reason to believe the "New Economics" mistake of ignoring the strategic importance of monetary policy will not be repeated.

How to Stay Out of Trouble With IRS



A company president failed to say hello to a clerk. Guess whom he soon was saying hello to.

Internal Revenue Service
Washington, D. C.

Dear Sir:

I am aware of a situation which I feel should be reported.

A foreign company wholly owns a corporation in the United States. The foreign company does not pay any federal, state or local taxes.

In what I feel is an evasion of taxes, it regularly collects more than \$1 million annually from the U. S. corporation for technical services, which are clearly not substantial.

In view of the balance of payments—and on general principles—I feel this should be challenged. . . .

Internal Revenue Service gets thousands of complaints like this every year. And it doesn't lightly dismiss them. It runs down leads, signed or anonymous, that look promising. In a number of ways this could affect you.

IRS will not engage in witch-hunts, but it will lend an ear to anyone—a minor clerk, a secretary or an angry wife—who has a plausible tale to tell of corporate tax misdeeds.

And once IRS's suspicions are aroused, it can exploit to the full its vast investigatory powers, backed up by a brigade of thoroughly trained examiners armed with the power of subpoena and the ability to make deals with other persons possessing guilty knowledge.

The informer does not have to prove his accusations. The taxpayer has to prove that he is right—if he can.

The government receives information about underreported income from various knowledgeable sources.

Alert IRS agents doubtless read newspaper accounts such as one that

appeared in *The New York Times* Jan. 26, 1966—the story of a woman who told the New York State Supreme Court in an alimony action how her husband “had put a Schnauzer dog named Max Donovan on his payroll.”

It might be noted that a spouse, under common law, cannot be compelled to testify against her husband. However, she may, when advised of her rights, volunteer to do so.

The price of a snub

Or take the case of the irate clerk. Out of the blue, an IRS agent showed up at the headquarters of a major corporation and asked to see all of the expense vouchers of the president, who was heavily involved in entertaining company customers and contacts.

This presented a considerable problem of information retrieval. The accounts payable department had felt it could not require the detailed expense accounts from the president that were required of everyone else.

Eventually, however, the reconstructed figures were accepted as “substantially correct,” but it cost the company a bundle in time spent on clearing itself of a mere suspicion of wrongdoing.

The tax department manager asked the IRS agent what had caused the investigation. Angry at having wasted so much of his time, the agent named the informant—a violation, of course, of IRS regulations.

The informant was a clerk in the company's accounting department and one of several hundred employees. One night she had seen the company president in the lobby of a theater and had said hello. He ignored her and continued to chat with his guests who, she thought, looked more like relatives than customers.

Furious at being snubbed, she sicked IRS on him.

Informants may come from the

executive staff, as well. The No. 2 man in the tax department of a major corporation did not get the managership when it became vacant. He quit in a huff.

Shortly thereafter, an IRS agent appeared and disallowed accrual of vacation pay, which involved tax treatment that had not yet been tested in the courts.

Why did the IRS agent start his examination of many weeks' duration with this question? Could the resigned tax accountant, who knew of the vacation pay practice, have tipped IRS?

No one knows for sure. But coincidence goes only so far.

Innocent jeopardized, too

The tax informant is dangerous not only to the corporation with a skeleton in its fiscal closet. There always are bona fide debatable items that a taxpayer would rather not have an IRS agent question.

Where an issue is not specifically covered in the law or regulations, where the matter definitely is borderline, where the courts have not yet ruled upon the question or are in conflict, the taxpayer naturally and properly will resolve any doubt in his own favor.

Similarly, IRS will resolve any doubt in its favor.

Does a certain type of expenditure have to be capitalized? In what year is a revised legal bill deductible? Is the compensation of a genuinely hard-working executive less likely to be regarded as reasonable if IRS learns that he is the brother-in-law of the chief stockholder?

There is no certain answer to innumerable possible questions. The taxpayer merely hopes that the questions will not be asked.

But when he arrives to make his examination, the IRS agent may be equipped with precisely those difficult and embarrassing questions. Quite

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How to Stay Out of Trouble With IRS

continued

likely, this is not a matter of chance.

For example, in deciding whether a corporate reorganization had the required sound business purpose, an IRS agent frequently asks who proposed the idea. If it came up at a director's meeting where the company's tax consultant was present, the government often argues this is proof the transaction was merely a tax dodge—and should not be recognized.

In one such situation, IRS was notified that one of the persons present at the directors' meeting was a consultant who was never summoned except when there was a tax problem.

Therefore, the entire transaction was suspect.

Who snitched?

No one knows. But one of the directors had violently opposed the reorganization which might have deprived him of his seat on the board.

Sometimes management does not know that it owes additional taxes—whereas a potential informant does. Here are typical examples:

- Tax treatment of income or expenses based on a court decision which was later reversed or an IRS ruling that had been withdrawn.
- Engineers' fees that should be amortized over 20 years because the engineers' findings resulted in purchase of equipment with a 20-year life.

Rewarding informants

The Secretary of the Treasury is authorized by law to pay whatever amount is necessary for information used "for detecting and bringing to trial and punishment persons guilty of violating the internal revenue laws, or conniving at the same, in cases where such expenses are not otherwise provided for by law." As a court stated in one case: "To promote the enforcement of law, we encourage private citizens to make full disclosures to law enforcement agencies; to quiet the volunteer's fear of reprisal, the law promises him anonymity."

In practice, the Internal Revenue Commissioner will make agreements with individuals to pay them up to 10 per cent of taxes recovered as the result of leads that are furnished. This percentage is applied to tax deficiencies, penalties and fines.

In order to receive this payment,



IRS agents are supposed to keep informers' identities hush-hush.

an individual must enter into an agreement with IRS on Form 211 prior to the furnishing of the information. An informant is not entitled to compensation unless such a written agreement existed before he furnished the information.

Rewards are given to tax informants only after determination that the information helped materially in recovering additional taxes. In the fiscal year ended June 30, 1968, there were 3,804 claims for rewards for tax recoveries filed with the government. Of these, 462 were honored. As a result of the tips, \$11 million in taxes were collected.

Involved were only a few of the vast army of informants who turn in someone to Washington's tax sleuths.

Suppliers of information who claim no reward from the government are 20 times as numerous as professional informants.

IRS prefers to believe that "many of those who do not claim a reward are impelled to furnish information from patriotic motivation or civic duty." A more cynical observer might feel that they have retained their amateur standing because they are unaware of the potential rewards.

IRS does not indiscriminately investigate every piece of information it receives. Special agents in the Intelligence Division evaluate what investigation is warranted. Only 10 per cent of the tips received reach the

stage of even a preliminary investigation. The reward of the successful professional informant includes both money and anonymity.

As the Supreme Court declared in one case, "What is usually referred to as the informer's privilege is in reality the government's privilege to withhold from disclosure the identity of persons who furnish information of violations of law to officers charged with enforcement of the law."

This involves a nice constitutional question. The Sixth Amendment provides that "in all criminal prosecutions, the accused shall enjoy the right . . . to be confronted with the witnesses against him."

Treasury regulations, however, declare that "no unauthorized person shall be advised of the identity of an informant."

Untruth hurts

The costs to a corporation are obvious. What an informant tells the government, even if untrue, can create an atmosphere of doubt and suspicion that may poison the climate of a taxpayer's relations with IRS. The taxpayer then may be required to expend endless time in documenting every item on the tax returns and books—as one closely-held corporation discovered to its chagrin.

The corporation had borrowed money from the principal stockholder on notes.

This is one of the most familiar of tax chestnuts. Were the notes really indebtedness or were the officer's advances a capital contribution?

Many IRS agents had accepted the reason for this arrangement without question.

Then an attorney was introduced to the company president and sought to be retained as tax counsel. He was told all about the company's actual and potential problems and was shown the confidential files, with the thought that he would be retained, if he produced some tax savings.

All he suggested was doing something about getting rid of the company's notes.

So, despite his lengthy study, he was not retained. Shortly thereafter, an IRS agent arrived and announced he was going to disallow interest on

the notes, which allegedly were not genuine debt.

Eventually, the taxpayer won out. But it was only at the cost of counsel fees and much time and aggravation.

Time no protection

An alleged wrongdoing may have occurred long before the time when a corporation's present executives took over. There is no statute of limitations on fraud.

There is no statute of limitations for a federal income tax deficiency, either. And there's a 50 per cent fraud penalty.

When an informant brings his tale to IRS it may be very difficult for the taxpayer to prove that he is innocent of wrongdoing, even if he is. Negative proof is the most troublesome of all to establish—that is, proof that something did not happen.

Since the informant may be anybody from the office boy to a senior executive, management has a formidable task in seeking to prevent disgruntled employees or executives from embroiling them in an IRS tax probe.

Here are some useful steps that can be taken:

1. Do not let persons in sensitive areas of the corporation go away angry when dislodged by a corporate reorganization, or if their departments or positions are being eliminated.

2. Concentrate confidential data so carefully that the parties entrusted with this information will realize that leaks can be traced to them, with obvious reprisal possibilities.

3. Fragmentize data within the company to such a degree that no employee who is not of proven loyalty is in possession of enough material to enable him to visualize the entire picture.

4. Explain carefully to employees familiar with validly questionable items why the corporation is taking its position.

If management cannot make a good case in justifying its point of view to its own staff, IRS is not likely to accept the explanation anyway. And this "dry run" with skeptical employees in the role of devil's advocate may enable the corporation to develop its own case more convincingly.

END

HELP!



Everybody has heard about Zip Code.

But not everybody is using it. Perhaps some people think of it as just a favor to the post office—something to do if they happen to think of it.

But Zip Code is much, much more than that.

Zip helps our postal workers move mail the modern way. With Zip, they can sort it faster and deliver it by more direct routes. With Zip, they will use modern electronic machines that "read" Zip numbers and sort mail fifteen times faster than was possible before!

People who don't use Zip Code hold up the mail for themselves and for everyone else.

So use Zip on every mailing address. Use it on your return address, too. When in doubt about a Zip Code, you can call your post office or look it up in their Zip Code Directory.

And if someone writes you and doesn't use Zip Code—tell him. For us. We need all the help we can get.

HOW ZIP CODE WORKS

Suppose the Zip Code is 60635. The "6" says it goes to the Midwest. The "06" narrows it down to Chicago. The last two digits—"35"—pinpoint the local post office. This eliminates many handling procedures. The letter is sorted faster, and sent more directly to its destination.



Mail moves the country—ZIP CODE moves the mail!

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THE CRUCIAL BUSINESS



ISSUES FACING CONGRESS

For businessmen throughout the country, the next year will be one of major Congressional decisions.

With the first session of the Ninety-first Congress in its final month, a wide range of issues crucial to business are still pending, and nearly all of them will carry over into 1970. They include:

- Massive revision of the tax laws and the related issues of extension of the surcharge on incomes and repeal of the investment credit.
- Rehabilitation of the postal service.
- Broad new transportation policies.
- A new farm program.
- A long list of labor demands, plus proposals for labor reform.
- Increased Social Security benefits and provisions for eventually raising payroll taxes to finance them.
- Changes in the unemployment compensation program, touching off a battle over proposals that the federal government set state minimum payment levels.
- Job safety legislation.
- Far-reaching Administration proposals for consolidating job training programs and turning them over to the states in stages.
- President Nixon's pioneering proposal for revenue sharing, with its potential for easing pressures for constant increases in state and local business taxes.
- Plans for escalating the war against organized and other crime.
- Consumer legislation.
- Tougher federal controls over conglomerate mergers and various other proposed changes in the antitrust laws, and proposals for stiffer regulation of one-bank holding companies.

While backers of two of the most

vital business issues—tax reform and increased Social Security benefits—would like to push them through this month, they may well go over to next year as Congress struggles to break a logjam of "must" legislation that includes appropriations bills for a fiscal year already nearly half over.

While the extension of the surtax, which is due to expire Dec. 31, and investment credit repeal have been firmly tied to the over-all tax revision bill, Congressional observers did not rule out the possibility that one or both would be split off as separate issues in the event the main tax measure does carry over into next year.

The Administration has asked Congress to extend the surtax at a reduced rate of 5 per cent through next June 30. The key issues on investment credit repeal are the effective date and exceptions to keep it in effect for some capital purchases.

The sharply accelerated pace of the new session will be in marked contrast with the year that's ending, which has produced few laws affecting the business community directly.

(Don't be fooled by the hectic pace of the first session's closing weeks. The atmosphere is similar to that of the last-minute Christmas shopping rush—people with unavoidable tasks are up against an immovable deadline.)

The year on Capitol Hill has essentially been one of testing, skirmishing and maneuvering. A new Republican Administration and the veteran leadership of a Democratic-controlled Congress warily felt each other out, squabbled over blame for inaction and wound up with a tenuous truce. But

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with an election year coming up, that truce shows signs of unraveling.

Within Congress itself, the first half of the Ninety-first produced power struggles in both parties and maneuverings in preparation for future contests.

Liberals, probing for soft spots in a new G. O. P. Administration, launched and lost a prolonged drive to seize control of defense spending. War critics spent much floor time assailing President Nixon after he began the Viet Nam withdrawal they had demanded for years.

With union and civil rights lobbyists looking over their shoulders, liberal Senators spent a good part of the session's final weeks howling for the scalp of the conservative Southerner the President named to succeed their onetime ally, Abe Fortas, on the Supreme Court.

The result of these and many other excursions and diversions throughout the year was one of the slowest moving Congressional sessions in recent history.

For businessmen, this meant deferred decisions and inability to plan in key areas at a time of increasing uncertainty over the national economy's future.

A prime example: Sweeping proposals for tax revision, extension of the surtax and repeal of the investment credit became so entangled with each other that businessmen ready to close out one year and plan for a new one were in the dark on inevitable changes in those key areas.

"Tax reform" became a hot political subject earlier this year after reports that a handful of the millions of taxpayers in the country are millionaires who pay no income taxes. (Among other things, many buy tax-exempt bonds that pay for schools, hospitals, water supplies, roads and other sorely-



COMMITTEE ROOM

The Crucial Business Issues Facing Congress *continued*

needed public facilities, as well as make important contributions to universities, research organizations and assorted philanthropies.)

Congress rushed to get a "reform" bill out this year. But it mushroomed into a complex measure of nearly 400 pages affecting a broad range of taxes. The House rushed it through but the Senate Finance Committee changed it drastically at a more leisurely pace.

The surtax was tied to the tax revision bill on the theory it could not win approval on its own, even with the rate reduced from the current 10 per cent. It was levied last year with the ostensible purpose of curbing inflation. Attempts to delete it from the tax bill are expected on the ground it has failed.

Senate Majority Leader Mike Mansfield told NATION'S BUSINESS: "I'm not too happy with that tax. It's really a Viet Nam war tax."

Sen. Hugh Scott of Pennsylvania, the minority leader, favors extension to June 30, predicting the surtax "probably will not be needed after that time."

Said Sen. Scott: "I do not agree with those who have said the surcharge has failed to curb inflation. No one ever said it would be a magical instrument. There are signs, however small, that the economy is slowing down."

Here's a rundown on the other major business issues in the 1970 Congressional session:

Labor: Relatively quiet while the new Administration went through its shakedown period, organized labor will press in the election-year session for passage of a wide range of its own demands while continuing all-out efforts to block meaningful labor law

revision. Labor's top goal is a whopping minimum wage of \$2 or even \$2.50 an hour.

Other demands include a 50 per cent increase in Social Security payments, federal standards for the level of state unemployment insurance payments, federal rules for workmen's compensation, including compulsory coverage for all workers, and broader collective bargaining rights for employees of state and local governments.

Labor lobbyists have had no success thus far in pressing for passage of legislation to legalize situs picketing—authority to impose secondary boycotts against all employers at a building site if the union has a dispute with any one of them. But the advent of an election year, with many Congressmen jittery about the labor vote, might well bring about a new campaign to gain that goal.

Repeal of the Taft-Hartley Law's right-to-work provision is again on the labor shopping list but there's no indication Congress will even consider that issue in 1970. The view on Capitol Hill is that the Senate remains opposed and the House won't even bother.

Union lobbyists will work to keep bottled up in committees legislation to reform the National Labor Relations Board.

One such bill would abolish the Board, which is often accused of pro-labor bias, in favor of a U.S. Labor Court. While reform advocates say that is not necessarily the answer, they add it is at least a starting point.

Minority Leader Gerald Ford says the House Labor Committee is "stacked in favor of organized labor."

"You're not going to get any labor

reform out of that Committee," he told NATION'S BUSINESS. He said only a change to Republican control of Congress can produce "real, bona fide consideration of labor reform bills."

Postal reform: While the House Post Office Committee has rejected President Nixon's call to transform the Post Office Department into a postal corporation, to bring business efficiency to the floundering mail service, the issue is expected to come up again in 1970.

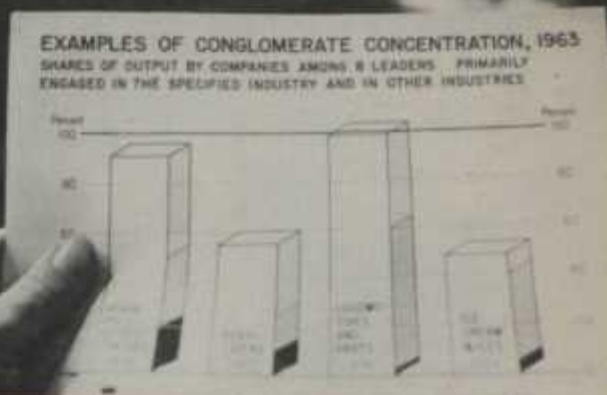
"This thing isn't dead," Majority Leader Mansfield commented, adding that its "prospects are better" in the Senate Post Office Committee.

The House Committee rejected the corporation idea largely under pressure of postal unions which have long enjoyed friendly relations with the Committee and its Senate counterpart when it came to pay raises and fringe benefits.

The Committee prefers a union-backed bill that would bring about some changes but falls far short of the corporation approach.

Agriculture: Congress will come under heavy pressure, early in the year, to enact a new program that will improve farm income and scale down the multibillion-dollar federal expenditures to keep up farm prices.

The problems are enormous—Farmers faced with rising operating costs and lagging prices for their own production; lower sales to other countries; growing opposition of urban area Congressmen to the farm subsidy programs, and increased public concern about continuing the tax-supported payments while retail food



prices go higher because of inflation.

The present farm program expires at the end of next year. Farmers need to know long beforehand of any changes so they can plan their crops, buy machinery, fertilizer and pesticides, and make other advance preparations.

So the goal is action on a new agriculture program early in 1970. The urgency has led to a rare demonstration of close cooperation between the Republican Administration and Congress.

Members and key staff personnel of the House Agriculture Committee met weekly with Agriculture Secretary Clifford Hardin and his top aides to draft the new farm policy.

The strong man in drafting that policy is Rep. W. R. Poage (D.-Tex.), the Committee chairman, and he's against proposals from the business community, the American Farm Bureau and other quarters for a gradual phasing out of government price supports.

Other major farm organizations favor continuing government help, with greater efforts to take land out of production to curb supplies. They urge incentives to eliminate marginal farms and train their owners for other work.

"We must maintain farm income," Rep. Poage argues.

Eliminating the government aid, he says, would drive many farmers off the land and concentrate agricultural production in the hands of a few giant corporations.

"I don't want that to happen," he says. "I think it would be a tragedy for all America—just as much a tragedy for urban as for rural America."

Nevertheless, there is ample evi-

dence the annual, multibillion-dollar infusions of federal money in recent years have not cured the basic farm problem of overproduction. An epic battle is ahead in Congress.

Transportation: Sen. Warren Magnuson (D.-Wash.), chairman of the Senate Commerce Committee and its aviation subcommittee, has been driving to complete action before the new session begins on airport-airways legislation designed to relieve the congestion at major airports and improve safety in the crowded skies.

A major transportation issue of 1970 will be his plan to establish regional commissions that would be responsible for coordinating all transportation policies within a given area. The federal government would finance the planning activities, which would be expected to tie air, highway, water and mass transportation in a unified program for each region. It's a new approach, in line with other proposals to decentralize government so local areas can work out their individual problems.

Another major transportation issue: The President's proposal to triple the present program for building merchant ships, with 30 vessels a year built during the next 10 years.

Financial needs of the interstate highway system will have to be considered because of a growing lag between costs and revenues to the trust fund that pays the 90 per cent federal share of the national road network.

And key members of Congressional public works committees want Congress to begin thinking next year of what form federal aid to states for highway construction will take after

completion of the interstate network in the mid-1970's.

Closely tied to the highway studies will be consideration of plans for expanding federal aid to mass transit operations. While the Administration has called for direct federal appropriations, there's also a big push for setting up a trust fund, similar to the one that's proved so successful for highways.

Social Security: There'll be an increase in Social Security benefits in 1970 as sure as it's an election year. The usual round of ante raising has begun. President Nixon proposed a 7 per cent hike, and escalated that to 10 per cent when he sent the actual bill to Congress. He proposed it take effect next April 1.

Democrats proposed to outdo him. The House Democratic caucus has come up with a plan for a 15 per cent increase effective this month.

While the President recommended an increase in the wage base on which payroll taxes are levied to finance his 10 per cent proposal, the Democrats were silent on how they would pay for their boost beyond saying the fund could absorb the higher payments at least for one year.

The outcome will be an increase of at least 10 per cent and both employers and employees should be ready for higher payroll taxes that will be needed eventually to carry the increased costs.

The President's proposal also calls for establishing machinery for automatic increases in benefits geared to the Consumer Price Index. But Congress delights in playing the role of Father Bountiful by voting for in-



The Crucial Business Issues Facing Congress *continued*

creased benefits with great fanfare. There's every indication it's not about to surrender that power.

The clincher in the expected defeat of the automatic increase plan is the opposition of Rep. Wilbur Mills (D.-Ark.), powerful chairman of the House Ways and Means Committee. He says that by surrendering control of the benefits level, Congress would also be giving up control over the tax rates needed to finance the system.

And Congress has never yielded its prerogatives in levying taxes, Mr. Mills says.

Along with Social Security, Congress will take up the President's far-reaching proposals for new approaches to welfare. Key elements are the minimum federal payments of \$1,600 per year to welfare families and new incentives to move relief recipients from welfare rolls to payrolls.

Most Congressmen applaud the "workfare" approach but the payment idea has already run into trouble from members who argue it's far too little, and from those who hold it will send welfare costs sharply up.

Influential Congressional leaders expect the work-or-train-for-work requirement to carry the program through. Minority Leader Ford says welfare reform "has tremendous public appeal. Congress will be derelict if it doesn't enact this program."

He sums up simply: "We've got to junk the present welfare program and go to 'workfare.'"

Unemployment compensation: Whatever the form of the final legislation, it will pile big new expenses on employers. At stake is the long successful federal-state partnership in

this field. President Nixon did not ask Congress to set federal standards for benefit levels now set by states on the basis of local conditions, but organized labor is pressing for just such a policy.

While the Administration proposals are being altered as they move through Congress, the basic legislation would extend coverage to millions of additional workers and increase the wage base and tax rate.

Businessmen feel such questions as coverage and extended payments are best determined by states on the basis of their own appraisal of their own economic conditions. And business strongly opposes a proposal that the state wage base must be raised to federal levels.

Manpower training: In asking that management of programs in this field be turned over to the states, President Nixon said: "More and more, progressive men in both parties have become convinced from the failures of programs run from Washington that important areas of government decision-making must be returned to the regions and locales where the problems exist."

While Congressional liberals favoring Washington control will balk, the President's best weapon in pressing for his plan is the inescapable fact that manpower programs run by the federal bureaucracy just haven't worked. The prospect is he'll get essentially what he asked for, perhaps with some minimum federal standards.

Revenue sharing: This historic Presidential proposal, one that could start shrinking federal power which

has been growing since 1932, is considered assured of passage in 1970.

States would receive, according to population, a fixed percentage of federal tax collections to use as they saw fit. (See "Slicing the Federal Tax Pie," page 23.)

Most states and their political subdivisions have long been squeezed between rising costs and limited tax resources. They have argued that the federal government has drawn off far too much money in income and excise taxes, leaving them to try to meet their needs with smaller levies in those and other areas.

With revenue sharing, President Nixon hopes localities and states will be better equipped to deal with their own problems.

Job safety: Passage of some form of job safety legislation in the next session of Congress is considered a certainty. The Administration bill would establish a five-member National Occupational Safety and Health Board. It would set safety standards, making maximum use of "national consensus standards," for jobs not otherwise covered by federal regulation.

The "consensus standards" are drawn up by public or private nationally recognized organizations from recommendations of industry, labor and other experts in a particular area.

The National Fire Protection Association, for example, recommends standards in all areas of fire safety, such as proper safeguards for electrical circuits and storage of flammable materials. It works through 130 technical committees. The Association membership includes business, indus-



try, government agencies concerned with fire prevention, colleges, hospitals and other private institutions.

Where national consensus standards exist, the proposed federal board would have to adopt them. Otherwise, it would have to give the standards-producing organizations an opportunity to make recommendations before going ahead on its own.

The President's proposal would vest in the states primary responsibility for job safety and health. A state with regulations as tough as those in the federal code would be entitled to administer its own program with federal financial aid. Otherwise, federal standards would apply directly and be enforced by the Secretary of Labor. Business is supporting the basic Administration plan.

Other job safety bills are also pending. Unions support one that would give the Secretary of Labor sweeping powers to set and enforce safety standards.

Conglomerates: There's been much talk but little sign of specific Congressional action to curb conglomerate mergers. A House antitrust committee has been looking into specific mergers.

Its Senate counterpart is considering findings of a Federal Trade Commission study. Chairman Emanuel Celler of the House Judiciary Committee declared at a hearing that "there's nothing wrong with being a conglomerate."

The expectation in Congress is there will be far more discussion and study of the issue, with action, if any, still a long way off.

Consumer legislation: This is another issue that will be resolved under election-year pressures. Consumer bills have become as popular at the Capitol as the bean soup at its restaurants. The big question in 1970 is whether there will be a new federal agency with broad responsibilities in the consumer field.

A big push to establish a Cabinet-level Department of Consumer Affairs has lost much steam and as of now isn't going anywhere. It fizzled because of a major flaw—consumer issues concern practically every major government branch. A department charged exclusively with consumer matters would be attempting to meddle in the affairs of, and dictate to, other departments. So what's being talked about is a "super department," and that concept has proved too much even for some of the most ardent consumer advocates.

The focal point of Congressional consideration will be President Nixon's consumer program. It calls for establishment of a new consumer division in the Justice Department, as well as strengthening the present Office of Consumer Affairs at the White House.

One of the most controversial aspects is a proposal for "class action" suits, under which individuals could join to file for damages.

Sen. Scott views consumer legislation as something that "should encourage the private sector to comply with consumer needs, rather than force it to adopt harshly unreasonable procedures."

Rep. Ford sees the White House office plan as a "step in the right direction."

These many pending issues will be considered in what is expected to be a growing spirit of partisanship as the off-year election approaches.

The maneuvering over who will bring about the biggest increase in Social Security benefits shows that the campaigning has already started.

Sen. Scott previewed what's ahead in giving NATION'S BUSINESS his formula for building a Republican record that would enable his party to win control of the Senate in November:

"Incumbent Republican Senators, while building an affirmative record, can also put the blame for inaction where it belongs—firmly in the lap of the Democratic majority. . . . Republicans who are challenging incumbent Democrats must cite the failures of those Democratic Senators and point out the great need to help the President in Congress. The people must recognize that political obstruction on the part of these Democrats will no longer be tolerated."

There's no doubt Democrats have their work cut out for them in trying to hold control of the Senate, where they now have a 57-43 majority.

Of 35 Senators up for election next November, 25 are Democrats, including several who were swept into office in the 1964 Johnson landslide.

While G. O. P. leaders are contemplating a campaign keyed to charges that Democrats are deliberately thwarting the Republican President, the Democrats' Sen. Magnuson puts it this way:

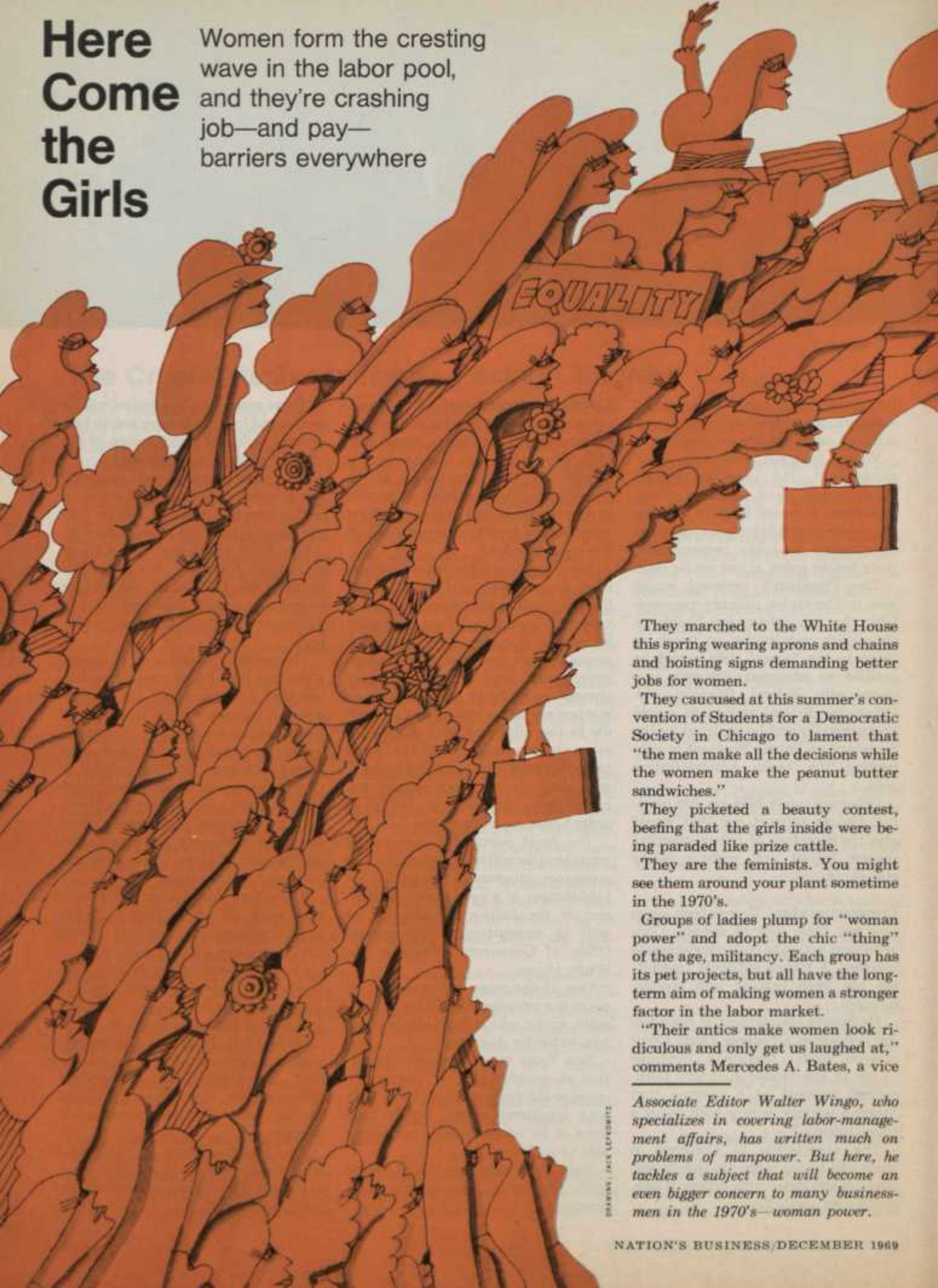
"A Congress should be judged by what finally ends up in a statute book at the end of a session, not necessarily the timing. . . ."

END

PHOTO: GEORGE JAMES
SEN. SCOTT—BLACK STAR

Here Come the Girls

Women form the cresting
wave in the labor pool,
and they're crashing
job—and pay—
barriers everywhere



They marched to the White House this spring wearing aprons and chains and hoisting signs demanding better jobs for women.

They caucused at this summer's convention of Students for a Democratic Society in Chicago to lament that "the men make all the decisions while the women make the peanut butter sandwiches."

They picketed a beauty contest, beefing that the girls inside were being paraded like prize cattle.

They are the feminists. You might see them around your plant sometime in the 1970's.

Groups of ladies plump for "woman power" and adopt the chic "thing" of the age, militancy. Each group has its pet projects, but all have the long-term aim of making women a stronger factor in the labor market.

"Their antics make women look ridiculous and only get us laughed at," comments Mercedes A. Bates, a vice

Associate Editor Walter Wingo, who specializes in covering labor-management affairs, has written much on problems of manpower. But here, he tackles a subject that will become an even bigger concern to many businessmen in the 1970's—woman power.

DRAWING: JACK LEFEBVRE



about \$2500 a year. Why this increasing influence of women in the expanding labor market?

- Women in all economic brackets keep wanting more and more things for themselves and their families.

- Local, state and federal bureaucracies will probably keep on growing, providing, by 1980, 40 per cent more government jobs, most of which can be staffed by women as well as men. One in five persons will have a government job.

- Automation, converting many jobs to mere meter-watching and button-pushing, gives women opportunities in work spots once strictly reserved for men, such as foundries.

- New industries produce new types of jobs which women can enter without feeling they are engaged in traditional male tasks. By 1975, 65 per cent of American jobs are expected to be in service industries. It has been estimated that by 1985, health care, in which women predominate, will be the single largest area of employment.

- More employers will see advantages in hiring older women, whose average life expectancy exceeds men's.

- Attitudes against women workers continue to soften. More men are not only willing, but anxious, for their wives to work.

- Women find home life less demanding than in the past and want to use their leisure profitably.

- Women are getting better educations and are anxious to cash in on them. New enrollments in college will go from 43 per cent female at present to 50 per cent in 1985.

- Increased use of birth control methods and devices will reduce time the average woman will spend away from the labor force caring for children.

- New laws forbid discrimination in employment because of sex.

- Lastly, feminist groups are getting more militant in demands for "women's rights," and don't plan to shut up.

Better with age?

The most startling increase in the labor force in the 1970's is expected among older women workers. There will be a million fewer persons in the 40-to-54 age group, while there will be eight million more above age 55. The greatest population increase will be

among women 45 and over. It will be triple the rise among their male counterparts.

Men's harder pace of living no longer seems to account for the fact that most women live longer. Research at the State University of New York Downstate Medical Center indicates shorter life is set by male sex hormones. Castrated males, researchers found, tend to live longer than normal men.

Old age does not necessarily limit a woman's productive value. In fact, in some quarters it is considered an asset for a woman to be old.

Mary Susan Scott, 88, in Maricopa, Calif., runs the town's most popular beer parlor. From a bed in a back room she watches customers drop coins in the box before helping themselves to a bottle of suds.

Myrtle Quick, of Newport, Ore., is a nightclub go-go dancer billed as "The Groovy Granny." She's 74.

More and more firms actively seek women over 50. Betty A. Duval, manager of personnel development, General Foods Corp., believes many managers prefer older women because they're more reliable.

"It's their opinion that women who have lived through the Depression have a very different attitude about work, are more dedicated and interested, and may devote more attention to their jobs and especially to details," she says.

The A. C. Nielsen marketing research firm reports that barely more than half of today's college students believe hard work will pay off. A far higher percentage of parents hold this view. Employers are learning that older persons without much formal schooling often run circles around the young, unmotivated graduates.

About three in five working women, old and young, are married. In fact, 34 per cent of all married women work. The number of wives in jobs exceeded that of single women in 1950, and the gap has been widening ever since. The National Industrial Conference Board expects 22 million wives will be working by 1980.

More than half the families in the \$12,000 to \$15,000 bracket are there because the wives work, and one in 25 of the working women have husbands who make more than \$10,000. About

president of General Mills. She contends that the advancement of women in working places results more from a free, expanding economy than from the egalitarian squawks of women's groups.

Whatever the reason, business executives will be forced to pay still more attention—and more money—to women in the next decade.

Never underestimate . . .

Look at a few fast statistics:

In 1940 women comprised a quarter of the civilian work force. Today they account for nearly 38 per cent of the 80.4 million persons in it. By the mid-1970's it is expected to climb to 41.4 million. About 60 per cent of that increase will be women, meaning there will be 22 per cent more women workers and only 9 per cent more men workers.

Whereas 37 per cent of women of employment age now work, experts expect nearly 47 per cent will be doing so by the middle of the next decade.

Meanwhile, the median (half above/half below) pay of women is expected to continue closing the gap between it and the median pay of men. At present full-time working women trail full-time working men by a median of

Here Come the Girls

continued



17 million wives, nearly 40 per cent of all married women, have been contributing an average of 22.2 per cent of their family's income.

As firms continue their moves to the suburbs, more and more housewives are sought to fill job slots. Some firms set up mobile recruitment stations in suburban motels. "Housewife shifts" have been established from 11 a.m. to 3 p.m. and from 6 p.m. to 10 p.m. Some companies even let qualified housewives set their own hours.

The victual revolution

Improvements and innovations in homemaking devices are freeing the housewife from most of her most time-consuming chores. For example, a revolution is under way in American family meals, pulling women out of the kitchen.

Mercedes Bates, who directs General Mills' Betty Crocker Kitchens and is president-elect of the American Home Economics Association, says families are relying increasingly on having food catered to their homes and on eating out at fast-service franchised restaurants.

Taking advantage of this trend is Bonanza International, Inc., which recently started an "1849 Village" in Ft. Worth, Texas. Here seven different franchised restaurants are bunched around a modern theater and a bandstand. The entire family can drive to the area and each member can walk to his own favorite type of eatery. Bonanza plans more such projects in other parts of the country, because "housewives eat it up."

But while women are being relieved of many home chores, their homemaking skills are being sought more

by industry, claims M. Arthur Neiman, publisher of the home economics magazines, *Co-ed* and *Forecast*. He sees, for example, an increasing demand for women to instruct businesses on consumer issues.

Realizing that women do 80 per cent of the purchasing in the country, Goodyear Tire and Rubber Co., like many other firms, has formed panels of women to advise on consumer issues. Goodyear also has added a woman tire designer to its staff to see what can be done to make its tires more appealing to the fair sex.

The battle against inflation, especially rising tuitions, sends many a mother into the work force when her youngest child enters school. About 5.9 million mothers with children between six and 19 years of age work. Another 3.6 million with children under six work, often relying on pooled baby-sitters.

Most working wives hardly abandon the home altogether. A recent study in France shows that the typical working wife with two children spends 37 hours a week on her job, 36 hours on housework and another eight caring for her children—a total of 81 hours. Similar, but older, studies show American working wives putting in from 50 to 80 hours a week.

Esther Peterson, prominent Labor Department official during the Johnson Administration, pushed a plan for the federal government to provide a year's free education for every mother after the mother has reared her last child. She said it would be "a catching up or retooling for the woman to work in industry or volunteer activities." The idea has not reappeared in the Nixon Administration.

Perhaps some of the increased employment of women is due to a spate of laws in the 60's forbidding sex discrimination in various types of employment. The laws reversed the long-standing trend in which women's groups, allied with labor unions, sought special privileges to protect the "weaker sex" from the travails of the workplace.

Title VII of the Civil Rights Act of 1964 contains broad, poorly defined restrictions against employment discrimination because of race, religion, national origin or sex. Some members of the Equal Employment Opportunity Commission, which administers Title VII, say that whereas the race provisions took up most of the Commission's time and efforts in the 1960's, the even vaguer sex provisions will dominate its activities in the 1970's.

Boy bunnies?

The Commission's problems of the sexes are thorny, sometimes humorous. In each case it must decide whether one sex or another is a "bona fide occupation qualification reasonably necessary to the normal operation of that particular business or enterprise."

Must Playboy bunnies always be women? Must ditch diggers and football players always be men?

Then there is the problem of untangling conflicting state laws regarding women at work.

The EEOC claims its rulings take precedence over state laws restricting such things as the amount of weight women may lift—ranging from 15 pounds in Utah to 50 in California—and the number of consecutive days and hours women may work. But the EEOC has no direct power to overturn such state laws.

Seven states have limits on work immediately before and after childbirth. Tennessee requires factory owners to provide a place for every woman employee to sit when sitting doesn't interfere with work.

Fair employment practices agencies in 24 states operate under acts that make no provision whatever regarding sex discrimination.

Some men have complained that if women are to get the same rights as men in employment, men should get some of the special privileges given to most women. Responded one women's righter: "I agree. Any male who is about to give birth to a child should

also be entitled to maternity leave." Rep. Martha W. Griffiths (D-Mich.) says a Supreme Court decision upholding a Michigan law that forbids women from being bartenders is "most obscene."

She also is sticking a hatpin in the Labor Department's Office of Contract Compliance to get it to withhold government contracts from firms discriminating against women. In response, the OCC is drawing up guidelines for sexual equality in recruiting, seniority and retirement and pension plans.

Still Uncle (not Aunt) Sam

Neither the OCC nor the EEOC has jurisdiction over some organizations and government agencies in which the greatest discrimination seems to occur.

Despite a rash of executive orders and agencies aimed at preventing discrimination in employment, the federal government's record in treatment of women employees is undistinguished.

A Civil Service Commission survey shows that while a third of all federal white collar workers are women, only 2 per cent of them hold key managerial positions.

The CSC reported, however, some federal "breakthroughs" in women's employment. Included was the first woman tugboat captain in the Army Engineers. (No, she isn't named Annie.)

The failure of government and some private employers to open more jobs and promotions to women has helped spawn many of the new feminist groups. They battle on picket lines and in courts for stricter enforcement of Title VII's sex provisions (raising the ire of some black groups which think the race provisions should be stressed) and for overthrow of state laws restricting women's activities.

One woman's group succeeded in getting Texas to repeal an old law forbidding women from dancing in tents. The law was supposed to cut down on road show belly dancing.

Among the new feminist groups are the National Organization of Women (NOW), founded by Betty Friedan, author of "Feminine Mystique," Federally Employed Women (FEW), the Women's Liberation Front, (which likes to picket the Miss America pageant) and Redstockings. Several groups have adopted the initials WITCH, such as Women Interested in

Toppling Consumption Holidays (especially Mother's Day) and Women's International Terrorist Conspiracy From Hell.

A most radical group is the Female Liberation Movement. It operates through cell groups against such ogres as "materialists," "bourgeoisie," and "sexism" (male supremacy). One prominent FLM member insists that if men are bent on destroying the world, they should be killed, with maybe a few saved for zoos or "man preserves."

Another FLMist, imbrued by the writings of socialist-philosopher Erich Fromm, blames capitalism for a gap between sex and love. She suggests sex be suspended until capitalism is overthrown.

Lionel Tiger's theories

This summer a counter-movement was launched against the feminist groups in a book called "Men in Groups." Written by mod-dressing sociologist Lionel Tiger, it contends men have developed important "brain process differences" which make them better formed to run things.

Prof. Tiger claims there is a "biological infrastructure" in men stemming from all the eons in which they had to hunt and fight while the women stayed in their caves cooking and changing bearskin diapers.

The result, claims the professor, is that men are now rightly "the spinal cord of a society," dominating such fields as politics, religion and business.

Many learned men, and especially women, take issue with Prof. Tiger but admit that most women think men are superior and, like most men, would prefer to work for a man.

Dr. Kenneth Dunn, executive director of the Education Council for School Research and Development, blames schools for perpetuating the concept of female inferiority.

"Perhaps this is one of those vicious circles," suggests Alice L. Beeman, general director of the American Association of University Women. "Women teachers transmit to their girl pupils their own concepts of inferiority."

Speaking before the National Education Association this summer, Miss Beeman noted that a study of the attitudes of mental health clinicians, both men and women, showed that their standard of the mentally healthy woman was of a person "more submissive, more easily influenced, less

independent, less adventurous, less competitive, more easily hurt" than mentally healthy men.

Miss Beeman blames television for projecting the image of women as "one of inanity and empty-headedness."

Unions' sex appeal

About one in eight women in today's labor force belongs to a union, compared to one in every four men. But the proportion of women in unions is expected to grow in the 1970's as labor leaders concentrate on organizing teachers and clerical, service and government workers.

Unions are making special efforts to appeal to women and erase the thug and hood image of union officialdom. One union even specializes in getting particularly handsome, suave men to organize large groups of women.

Meanwhile, union officials have relatively few women in their top ranks.

Some businessmen share union leaders' misgivings about the capabilities of women as executives. They argue that women are too emotional for making hard-bitten decisions, that they take criticisms personally, that they may quit at any time to get married or have a baby. Also, they say, many women don't really need the job and will absent themselves to attend a class in flower arrangement.

Some businessmen complain women don't take orders so well after running a household for 20 or 25 years.

On the other hand, Peggy Ware, chairman of Home Economists in Business, claims women are better than men in handling people problems and have more patience than men.

She thinks a lack of executives in the 1970's, caused especially by the expected shortage of middle-aged men, will force firms to seek women to fill top management spots.

Sen. Margaret Chase Smith (R-Me.) explains how businessmen unwittingly have allowed women to trespass even unto their hallowed board rooms:

"To a great extent men have encouraged rather than opposed participation of women in business and professions. Initially, women served their apprenticeship in secretarial jobs. The secretarial duties expanded into executive duties, and before the men realized it, they had come to rely so much upon their women assistants that they could not do without them and had to accept them in the executive field rather than let them go." END

Strategy Shift at

The world's largest business, under new management, is changing its managerial methods; the key word is "decentralization"

They're going to be doing business differently at the Pentagon.

The method newly in vogue—it's called "decentralization"—aims at moving decision-making down to the working level, especially in regard to programs involving such costly weapons systems as the Air Force's new F-15 fighter, and the Navy's S-3A antisubmarine aircraft and new ship-building program.

There's going to be more participation, too, by military men in initial planning, something Deputy Defense Secretary David Packard sees as vital.

"People who are responsible for implementing decisions should be those making the decisions," he says.

All of this is a far cry from the management philosophy of the Defense Establishment during the Kennedy and Johnson Administrations.

Under Robert S. McNamara and, for a short time, Clark Clifford, most of the decision-making of the world's largest business was centralized in the Office of the Secretary of Defense.

Under the new concept, many day-to-day decisions will be pushed down the management ladder as far as possible.

"Our philosophy is not completely new," Mr. Packard argues. "What we are trying to do is put a new emphasis on things that have been here all the time. We are simply applying the principles of good management."

Free rein to the military?

Defense Secretary Melvin R. Laird is careful to squash any thought that the new management trends mean turning over the reins to the military. Responsibility still rests on the shoulders of the three service Secretaries.

However, reaction to the current management concepts among the military, according to Mr. Packard, has been "enthusiastic." One of the big

service gripes has been that the "Whiz Kids"—youthful civilian managers whom Mr. McNamara brought to the Pentagon—were "down in the shop" too much.

Mr. Packard believes the same enthusiasm will come from industry. "Decentralization, in my opinion, will help industry," he says. "One of the main complaints from defense industry is that too many programs have been overmanaged. They say they have too many people looking over their shoulders."

But just as a blank check is not in the offing for the military, there isn't any indication industry will see loosening of controls on government contracts.

Plugging loopholes

Mr. Packard told NATION'S BUSINESS that Defense is tightening up on contracts to eliminate loopholes. He recalls making it clear to friends in industry on several occasions that once a price is agreed upon, it's final, and the contractor is not going to be able to come back to Defense and readjust and recoup.

"I don't think anyone who is running a good shop will complain," he says.

Pentagon observers believe that management changes would have been forthcoming even if the Nixon Administration had not been catapulted into spiraling "overrun" cost problems, spawned to a great extent by the Lockheed C-5A transport program.

Certainly one important factor in this change in direction is industrialist Packard, who was president of Hewlett-Packard Corp. before he came to the Pentagon.

He translates his industrial experience into Defense terms, and is inclined to look at the military de-

partments—Army, Navy and Air Force—as operating divisions. Boiled down to basics, this means giving the responsibility and the authority to the operating divisions and letting them do the work.

"We will be relying more on people who have an area of responsibility, which is just good, sound business practice," Mr. Packard says.

Decentralization was one of Mr. Nixon's campaign goals, and it is expected that significant changes will take place in the military departments. In fact, success of decentralization will depend to a great extent on actions taken down the line of command.

Mr. Laird and Mr. Packard are pushing for removal of smothering layers of staffs, boards and councils that have stood between the key program managers and the Secretary of Defense.

"We are hoping to avoid duplications of the past," Mr. Packard says. "The many layers offered little help and added confusion." He feels that forcing program managers to go through group after group to get to the top decision-makers "breeds inefficiency."

The new management style is heralded as a probable producer of more responsive and better decisions.

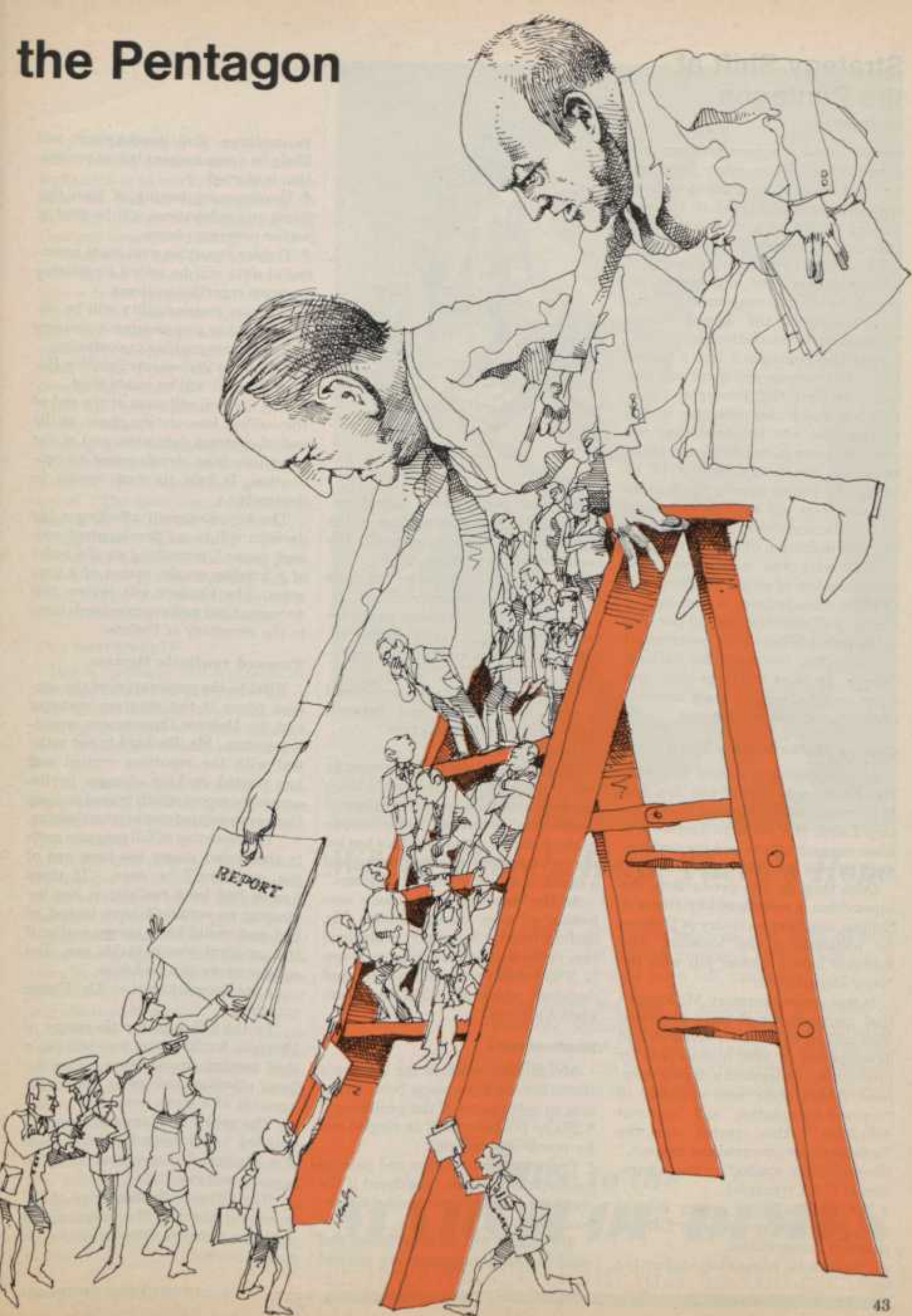
Decisions should come more quickly from the 200-plus program managers who actively manage the developing and buying of costly weapons systems.

A long way down

"Decentralization is important because this organization is so large, it is impossible to have all the decisions made at the top and expect to have any degree of confidence that they will always be sound and realistic," Mr. Packard explains.

"We are decentralizing first on

the Pentagon



Strategy Shift at the Pentagon

continued

specific major weapons systems programs. There are so many programs we can't fix all at once. Since we have the enthusiastic support of the services, I think that they and time will take care of the rest of the programs."

Dr. John S. Foster Jr., director of defense research and engineering, revealed the broad management reforms in a speech to the Armed Forces Management Association.

Said the Pentagon's No. 3 executive: "For reasons which are now history, we find the Pentagon today with too much centralization of authority, but not responsibility; too much layering in the decision-making structure, too many reports to be written by people already too busy to manage. You will see this expensive and cumbersome overhead reduced by our new definition of authority."

Dr. Foster was openly concerned about the loss of public confidence in Defense management. A mid-August Gallup Poll reported that 52 per cent of the public believed the government was spending too much for national defense, while at the same time only 8 per cent had any accurate estimate of how much was being spent.

One of McNamara's band

As the Pentagon's chief scientist, Dr. Foster was one of the few key McNamara aides retained by Secretary Laird. His job is to oversee Defense research efforts and the development of new weapons systems.

Once they go into production, the supervision is maintained by Barry J. Shillito, assistant secretary of Defense for installations and logistics, who formerly held a similar job with the Navy Department.

It was under Secretary McNamara that management of large programs (\$25 million or more for research and development or \$100 million-plus for production) underwent a drastic overhaul. There were new methods of "concept formulation" and "contract definition." Also created was the "total package procurement concept," the technique applied to the controversial C-5A transport.

Mr. Shillito, in a recent speech, cited these past problems in Defense program management:

"Failure to adequately define the



operational performance objectives. This leads to poor formulation of the system requirement and generally the evolution of poor design. . . .

"Committing systems to full-scale development prematurely. . . .

"Insufficient emphasis on hardware demonstration . . . (and) undue reliance on paper engineering analysis. . . .

"Too much overlap in operational systems development and between development and production."

He also said:

"Our cost estimating has generally been unreliable. Too frequently there has been reliance on overoptimistic contractors' estimates and overoptimistic in-house estimates. This has led to a very unsound basis for funding and a significant portion of the criticism."

As the last item in Defense's confession of past transgressions, Mr. Shillito listed, "too much centralization in the decision-making processes. . . . This has adversely affected prompt decisions which are vital to a program's success."

Basic steps

Mr. Shillito outlined for NATION'S BUSINESS the basic steps being taken now to solve some of the problems:

- Major programs will be singled out for more close review.
- Prototype competition and parallel development will be considered if the costs are within reason and risks are acceptable.
- Milestones will be established and reached before programs are allowed

to continue. Full development will likely be a requirement before production is started.

- Development testing of high risk items and subsystems will be used in earlier program phases.
- Tighter reporting with more meaningful data will be added to existing progress reporting systems.
- Program responsibility will be decentralized to give program managers more decision-making opportunity.
- A Defense Systems Acquisition Review Council will be established.

The Council will meet at the end of the concept formulation phase, at the end of contract definition, and at the transition from development to production. It held its first session in September.

The key document affecting a big decision will be a "development concept paper," something on the order of a briefing on the status of a program. The Council will review this document and make recommendations to the Secretary of Defense.

Toward realistic figures

Vital to the preparation of the concept paper is the program manager and the Defense Department reporting system. Mr. Packard is not satisfied with the reporting system and has started making changes in the quarterly report which is used to keep Congress updated on programs' status.

"The reporting of full program costs in the earlier stages has been one of the problems," he says. "If these figures had been realistic at the beginning we wouldn't have looked so bad and would have known earlier if the program was a viable one. I'm convinced we can do better."

As for decentralization, Dr. Foster explains:

"In the Office of the Secretary of Defense, for instance, you will see a shift toward emphasis on future defense planning and away from management of a given program."

"The senior civilians will require a detailed justification by the services of a program, but once approved, the services will run it."

"The Office of the Secretary of Defense will monitor the program but hold the services responsible for its proper conduct."

In his philosophy of management, Mr. Packard stresses that, if decentralization is to work, the foundation must be laid at the beginning. A direction has to be established and clear-cut objectives defined.

"Unless you do a good job of basic planning on a broad scale you can't have a decent program," Mr. Packard says. "First you must have a basic plan and then you must agree on where you are going and where you want to be. Then you turn the job over to the people and let them work it out their way without a lot of day-to-day control."

Along with decentralization of decision-making and insistence on sound planning, Mr. Packard lists good personnel. "The more you can depend on people, the better the job," he says, adding that "questioning" of decisions has a place in his book. This, he realizes, is not the military way of doing things, but he obviously shudders at the idea of blind obedience.

The best people

Heavy emphasis will be placed on selecting the best people for the 210 or so program manager jobs which ordinarily go to officers of at least colonel's rank. A manager usually has a staff of 50.

The managers and their immediate superiors will be called upon to report directly to Mr. Packard and the Review Council.

Mr. Packard does not foresee radical changes in the internal structure of the services or where the program manager is positioned, but he is insisting that the layers of staffs between the program manager and his office be removed. Asked if he intends to standardize the program manager organization, he says:

"Since all of the services operate somewhat differently it is not realistic to have all of the procedures standardized. I don't believe in broad edicts."

The six-foot-six, 250-pound Mr. Packard dismisses with a shrug predictions that the new decentralization will result in less efficient management or that the services will be given a blank check. He is not the type of man to give a blank check to anyone. **END**



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A GIANT IS LEAVING THE SENATE

When John J. Williams decided in 1946 he wanted to run for the U. S. Senate, he was a small town Delaware feed grain merchant without political experience, a following or connections in his party's state organization.

"I couldn't use that old line about my friends urging me to run," he recalls candidly. "I don't remember anybody ever asking me. In fact, most of my friends thought it was a pretty farfetched idea."

And the assumption by a 42-year-old novice that he could enter state politics at the top certainly didn't sit well with Delaware's Republican leaders.

"I had never met the state chairman," Mr. Williams says. "He was a little peeved that someone would be so brash as to announce a Senate candidacy without talking to him. But I went into it on the principle a man has a right to seek office in this country without the consent of anybody."

Most politicians, when asked why they pursue public office, come up with high-flown answers about service to nation and mankind, etc. John Williams' explanation is far more direct: "I thought I'd like to try it and I did."

"Oh, I'd been pretty concerned as a businessman about the trend in the country toward too much centralization of power in Washington," he adds. "But I didn't have any great, noble drive."

Drive or no drive, he began traveling around the state, working long, gruelling days, to make himself and his views known.

Veteran Delaware Republicans, an-

ticipating a Democratic victory, had shied away from making their party's Senate race. By the time they sensed that a Democratic success might not be inevitable after all, that the national mood was for a change after the long Depression and war years, Mr. Williams was well ahead for the nomination.

He went on to defeat the Democratic incumbent by nearly 12,000 votes out of 113,500 cast.

Sen. Williams had entered the feed grain business with his brothers immediately after finishing high school and leaving the family farm. Now, a brother took over responsibility for the store.

"There was nothing big about it, but we made a living," the Senator recalls. "He did all right after I left, so I guess I wasn't as important as I thought I was."

Into the big time

In Washington, the political novice and small businessman, lacking a college education and possessing a speaking style that ranged from an almost inaudible whisper to a rasp, joined a body composed mostly of lawyers or professional men—men long on political experience, on education, on knowledge of big business and finance, and on dramatic oratory.

But it was the grain merchant from Millsboro, Del., who was to rock the Truman Administration with disclosures of staggering corruption in the Internal Revenue Service and elsewhere in government, who was to assail the conduct of Sherman Adams in another Administration and was to bring about the downfall of Bobby

Baker in still another. And John Williams' grasp of high-level economics and tax policies, acquired through long, hard work and study, was a major factor in forcing Lyndon Johnson to surrender and accept spending limits in return for Congressional passage of the 10 per cent income tax surcharge.

Now, at 65, Sen. Williams has announced he will retire when his present term ends in 1970. He is approaching the final year of his Senate days, working and fighting as hard as ever for causes he has championed from the moment he arrived—honesty, efficiency and economy in government.

He has earned a title given few others in the nation's history: "The conscience of the Senate."

In the late 1940's, information came to Sen. Williams of graft in key federal tax offices across the country. He began digging, but, in his unflagging insistence on accuracy and fairness, it would be more than two years before he made his first speech on the subject.

The trail led slowly but inexorably from lesser lights in regional offices to the highest echelons of Internal Revenue, the Justice Department and the White House itself. Resignations, indictments and convictions followed.

But party lines play no role in Sen. Williams' outlook on governmental ethics.

Sherman Adams, known as the "assistant president" during the Eisenhower Administrations, came under fire in 1958 for accepting gifts, including a \$2,400 rug, from an industrialist having problems with gov-

John Williams, the small town merchant whose dedication to government honesty and efficiency has shaken Administrations, is living up to his conviction that 65 is the time to retire



PHOTO: GEORGE JAMES



Sen. Williams (left), a key figure whenever the Senate takes up tax or economy issues, confers frequently with his long-time friend and colleague, Majority Leader Mike Mansfield (D.-Mont.). "He has been a giant," Sen. Mansfield said when the Delaware Republican announced retirement plans.

ernment agencies. Sen. Williams was as outspoken as he had been when a Democrat was in the White House. "There can be but one code of ethics for public officials," he told the Senate.

"I condemned the deep freezes," he said in a reference to a famous gift to a Truman aide, "and I will not defend the rugs now."

Enter the Baker case

It was a brief, newspaper account of a civil suit that launched the Senator on one of the best-known of his many battles against corruption in government. A disgruntled owner of a vending machine company had filed suit against Robert G. "Bobby" Baker, secretary to the Democratic Senate majority. The owner said he had paid Baker for help in obtaining a contract that went somewhere else.

"I wasn't interested in where any contract went," Sen. Williams recalls, "but I did want to know why a Senate employee was being paid to get somebody a contract."

He began digging into the affairs of Baker, the ex-page who had risen to

the influential secretary's post under the patronage of the majority leader at the time, Lyndon B. Johnson of Texas. The Delaware Senator wanted to know whether Baker had used the job to further what turned out to be extensive, outside business interests.

"It just descended like an avalanche," Sen. Williams says. "In a short period of time I had developed enough information that I was convinced something was bad."

He took it to Senate leaders, suggesting a meeting with Baker. "I wanted to outline the things that bothered me and Baker could respond. Then I—and they—could evaluate his responses." Baker could not be reached for an initial meeting.

A second meeting was arranged after a firm pledge from Sen. Mike Mansfield, Mr. Johnson's successor as majority leader, that Baker would be there. But Sen. Mansfield arrived alone, downcast. Baker had resigned.

"We can't stop here," Sen. Williams commented. He insisted on the full-scale investigation that led to Baker's conviction of income tax evasion, theft and conspiracy to de-

fraud the federal government. The shock waves set into motion by the Baker case launched a new era of concern on Capitol Hill about standards of conduct expected for Congressional members and staffs.

The Senate adopted a code of ethics providing for a combination of public and private reports on financial interests. Sen. Williams says that development was "a giant step forward," but more should be done.

"It's how you got it"

He advocates establishment of procedures, with proper safeguards, for evaluating Congressional income tax returns when doubts arise. He sees little value in a proposal pressed frequently by Senate liberals to require public disclosure of financial holdings as of a given date each year.

"It's not what you own, it's how you got it," the Senator says. "The tax return is the key."

Sen. Williams has been constantly at work on issues less-publicized than Capitol Hill ethics.

He has clashed with government officials repeatedly as he has issued well-documented broadsides of waste and inefficiency in housing, agriculture, public works, welfare and many other programs.

A mark of the fairness that has won him high praise from other Senators in both parties is his unfailing practice of giving advance notice to anyone he intends to talk about in connection with inefficiency or dishonesty.

The accomplishment Sen. Williams ranks as the high point of his career as a legislator was the passage in 1968 of the bill making spending cuts the price the Johnson Administration had to pay for approval of the 10 per cent income tax surcharge.

"I'm certainly not proud to have a tax attached to my name," says Sen. Williams, co-author of the bill. But he sees a far more overriding consideration: "I am thoroughly convinced that if Congress had not acted on both taxes and spending—they had to be tied together—the American dollar would be gone today."

He adds a cautionary note: "We're not out of the woods yet. Merely raising taxes and putting the money into the government spending stream further aggravates the situation."



Sen. Williams returns often to his home town, Millsboro, Del., where he keeps in close touch with grass roots thinking during leisurely strolls with old friends. He was a feed grain merchant here when he entered politics by running for the Senate.

Conceding that spending limit loopholes later eroded the impact of the original bill, Sen. Williams says that's why he fought all the harder in 1969 not only for greater cuts but for ironclad assurances they will be made.

Nobody's perfect

Looking back over his years in the Senate, would he have done anything differently?

"Oh, goodness, yes," he responds quickly with a smile. "You make a lot of mistakes. I often wonder what I was thinking about on some of them."

(His candor once threw off a Democratic opponent who declaimed from a campaign platform that he just couldn't understand how Sen. Williams had voted the way he did on a certain issue. The Senator's reply: "I don't understand why I voted that way either. At the time it seemed to be the right thing to do—but it wasn't.")

One place where Sen. Williams will leave no mark after 24 years in the nation's capital is the party-going scene which many of his colleagues frequent. While his mail is heavy with the invitations that all Senators—particularly senior members—receive to cocktail parties, dinners, receptions, diplomatic functions and the

like, he rarely attends any of them.

He lives quietly in Washington throughout the week and spends his weekends in Delaware, often at favorite hunting or fishing sites.

The Williamses have a daughter and three grandchildren. When he came to the Senate, Sen. Williams boasted of being "the youngest grandfather" in the membership. The passage of time has enabled him to escalate to the claim of being "the youngest great-grandfather in the Senate."

His decision to retire was made in characteristically direct fashion—he cited his long-held view that no Senator should embark on a new term after 65.

The Senator has no specific plans for retirement years—that feed grain business no longer is in the family—but guarantees, "I'm not going home and prop my feet up. I'm not going to lose interest."

He's concerned about the nation's future, and holds that violence and anarchy, on campus or city street, "cannot be defended or tolerated and must be dealt with affirmatively."

At the same time, he adds, "we adults have to recognize that, as we start to correct the situation, we have to look at our own houses."

"When men holding high positions of trust betray that trust, we are creating in the minds of young people an element of doubt about the moral standards we are following ourselves and are asking them to follow."

Respectful opposition

John Williams is a conservative by anybody's yardstick.

But it was one of the most liberal of liberal Democrats, William Proxmire of Wisconsin, who said of him:

"I feel he is the one member of this body who is its most able sentinel. I hope... that this remarkable man will reconsider his decision to retire."

And another Democrat, Majority Leader Mansfield, summed up Sen. Williams' career in a fashion that will draw little dissent from those who have followed it:

"He has been a giant and his departure from the Senate will leave a void that will be almost impossible to fill."

END

How Puerto Rico's Future Affects U.S. Business

There's a \$3 billion investment at stake as the island ponders its status: commonwealth, statehood or independence

SAN JUAN, Puerto Rico—It's been said that you can walk across Puerto Rico from Mayaguez to Fajardo on the roofs of buildings owned by mainland American companies, never touching the ground.

That's not quite true, of course, but so many Stateside plants and offices are clustered together in some areas that you wonder where space will be found to locate more of the businesses which continue their never-ending flow to Uncle Sam's island commonwealth.

After a visit to Puerto Rico you wonder, too, what lies ahead for these companies—which have more than \$3 billion invested here—when the Puerto Ricans decide what they want to do about their island's future.

Within three to five years, unless present planning is drastically changed, a plebiscite will be held. The issues: Shall Puerto Rico remain a commonwealth? Shall it become the fifty-first state? Shall it become an independent country?

Only Puerto Rican citizens will vote. Mainland Americans, who have helped raise the standard of living

here more than 100 per cent in less than 10 years, can make their views heard later when the U. S. Congress approves or disapproves the plebiscite decision.

The problems involved in a change from commonwealth status are manifold.

If Puerto Rico became a state, American banks might be first to feel ill effects. Interstate banking is outlawed in the United States and mainland banks doing a thriving business here would face changes in operations.

Ramon Gonzalez, resident vice president for First National City Bank in Hato Rey, an area east of San Juan which has become a financial center, told NATION'S BUSINESS mainland banks might be given several years to liquidate, or ordered to close immediately. Another possibility—a dim one—is that a "grandfather clause" would be written into a statehood declaration, permitting mainland banks in business here for generations to continue their operations.

If the island became independent, and there was an attempt to take American citizenship away from Puerto Ricans, there might be chaos, according to Juan Labadie Eurite, president of the Government Development Bank for Puerto Rico. He

was one of several businessmen to raise that possibility. Only Congress under specific circumstances can take away American citizenship without the person's permission. What would Puerto Rico be like if it was declared a separate nation with its own citizenship? No doubt hundreds of thousands of Puerto Ricans would prefer to remain Americans.

Pro status quo

Josef Brendi, vice president, Banco Credito y Ahorro Ponceño, is an avowed commonwealth man. Mr. Brendi states his case:

"Commonwealth status has done a good job for the island and for mainland businesses here.

"We should think hard before we change a winner. Mainland businesses might lose more than they would get with statehood.

"Yes, Puerto Ricans would get to vote for the President for the first time, but we and mainland businesses would lose several tax exemptions. Some mainland companies have already left after they used up their exempt status. Puerto Rican and mainland businesses are for commonwealth status, and justly so. Here we have the best of two worlds."

Numerous mainland businessmen, though, do not oppose statehood. Said

Associate Editor Sterling G. Slappey traveled to San Juan, Ponce and other Puerto Rican cities gathering information for this article.



PHOTO: PUERTO RICO INFORMATION SERVICE

Gov. Luis A. Ferré (above) favors eventual statehood for Puerto Rico. Among other things it would mean votes in Congress, where the island now is represented by nonvoting Commissioner Jorge Cordova (below).



PHOTO: UPI

Independence advocates sometimes are violent—such as those who tried to assassinate President Truman in 1950—but more often stick to politicking, as did these pickets at the White House during the LBJ era.



PHOTO: AP/WIDE WORLD—ALAN STAR



PHOTO: UPI

There was violence galore at the University of Puerto Rico as pro-statehood and pro-independence students rioted in 1967 and then attacked police—who fought back and made arrests. Casualties were in the dozens.

How Puerto Rico's Future Affects U. S. Business *continued.*



Plans call for tremendous construction in a financial and commercial area centering around these high-rise buildings in the Hato Rey section. Below: a model of what the area, the so-called "New San Juan," is supposed to look like some day.



Mainland business enterprise has brought a new life to many a Puerto Rican. This glass-enclosed employees' cafeteria at a Parke-Davis plant is reflected in a pond on the drug manufacturing company's well-manicured grounds.

the top executive of one of the world's largest oil firms:

"I'm for statehood, definitely, though not for a few more years. In 10 years income in Puerto Rico will be equal to per capita income in Mississippi, the poorest mainland state. I hope Puerto Rico will become a state then, and I think it will."

The executive, who asked that his name not be used, pointed out that labor-intensive industries would be hurt by immediate statehood because the U. S. Wage and Hour Law would then be invoked. Wages on the island are not as high as on the mainland, although they are climbing.

Puerto Rico is developing economically at a 9 to 10 per cent per year rate and the oil executive, and others, doubt it would be wise to do anything just now that might disturb such a growth rate.

They point to impressive figures: In 1940 Puerto Rican gross product was \$287 million. Last year it was \$3.7 billion. Personal income in 1940 was \$219 million. Last year it was \$3.1 billion. Per capita annual income was \$118. Today it is just short of \$1,200.

Language barrier

A problem constantly facing State-side companies is to find high-caliber people who speak English well. Practically everyone speaks it after a fashion, and many younger people are fluent in it. However, the struggle goes on.

"Would the United States want to create a state with people whose English proficiency is still not high?" asked an anti-statehood.

Luis Valiente, recently retired head of the Merrill, Lynch, Pierce, Fenner and Smith, Inc., brokerage office in San Juan, answered that one. "When New Mexico became the forty-seventh state in 1912, nearly 75 per cent of the people didn't speak English," he said. "That didn't stop the United States from taking in New Mexico."

Mr. Valiente, son of a Spanish officer in the war which made Puerto Rico a U. S. possession, added: "Most Puerto Ricans are now for statehood. In 1972, during the next elections, statehooders will increase their share of the vote. Eventually, it will be statehooders versus independence

people, because the commonwealth basically is a transitory status."

There is a widely held view that pro-commonwealth Puerto Ricans want only to bring mainland American business, money and efficiency to the island, get Puerto Rico launched as a viable and modern political unit, and then turn toward independence.

Presently, Puerto Rico's only representation in Congress is through Resident Commissioner Jorge L. Cordova. He has no vote, and lack of voting representation hurts the cause of American business on Puerto Rico. A Congressman with a vote can swing far more weight in behalf of a troubled businessman in a mainland city than Commissioner Cordova can for one in San Juan.

As a state, Puerto Rico would have two Senators and nine or 10 Representatives for its population of nearly three million—which, incidentally, would put it among the 25 most populous states.

Braking tax breaks?

One point that invariably comes up involves tax-exempt status for Stateside businesses. They pay no federal income taxes on Puerto Rican operations, and some get up to 17 years of tax holidays from the island government. As a bonus, they pay only two taxes—to the commonwealth and to local authorities. On the mainland, they pay federal, state, city and county levies.

The practice and extent of exemptions vary from company to company and depend on where they build their plants, what products they make and just how good a bargain their negotiators drive with Puerto Rican officials.

Some Puerto Ricans and mainlanders say exemptions would be reduced after statehood so as to get the island state more in line with mainland state programs, which generally are less generous.

Mr. Valiente downgrades tax exemptions as only "an inducement for a company to set up in Puerto Rico, not a determining factor."

Individuals now pay no federal income taxes, either, but they would under statehood, because federal tax laws must be uniform to be constitu-

tional. Instead of federal income taxes, individuals and companies pay Puerto Rican taxes which in several brackets are higher than federal taxes, but in most cases are slightly lower.

Statehood would alter tax laws up and down the line. Presently, taxes collected on a bottle of Puerto Rican rum sold on the mainland are returned to Puerto Rico. Meanwhile, taxes collected here on a bottle of Kentucky bourbon are kept on the island—a big advantage for the island government.

Autos sold here carry no federal tax, nor do other items. They carry a Puerto Rican tax and cost a good deal more than they do on the mainland.

Uncle Sam's reasoning in not collecting taxes on the island is that of the colonists before the Revolutionary War—"No taxation without representation." So long as Puerto Ricans can't vote for the U. S. President, and their representative in Congress

can't vote either, they pay no federal levies.

High level of low income

Puerto Rico does not take part in several federal programs. As a state, its share of federal aid would be high in proportion to other states' because many programs are predicated on per capita income, and Puerto Rico could be expected to remain one of the poorest states for decades.

One effect of statehood would be to relieve mainland executives of having to maintain official residences here. They must do so now to get certain concessions.

Statehooders argue that so long as Puerto Rico remains a commonwealth there will be economic and political uncertainty and that this deters some Stateside investments. If Puerto Rico became a state it would be locked into the federal union and political uncertainty would be removed.

An extension of this thinking is



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How Puerto Rico's Future Affects U. S. Business *continued*

that so long as Puerto Rico remains outside the federal union, there is danger that it will drift into the overly relaxed ways so widespread in Latin American lands. There is, indeed, much of the *mañana* spirit in San Juan already. How much more of it would there be without the prodding Yanks?

Congress has made many concessions to Puerto Rico, but statehooders point out that Congress may not always remain so liberal. "Shouldn't we get under the big

umbrella?" they ask. As a commonwealth, Puerto Rico certainly is not foreign, yet U. S. companies get foreign investment assistance because they have operations here. This would end with statehood.

(The United States and Puerto Rico have a customs union, with goods moving without restrictions between them. Foreign goods find their way into the United States via Puerto Rico, and vice versa. Restrictions are placed only on a handful of items, one being coffee.)

Halting "runaways"

Though Puerto Rican unemployment is far less than it once was, it is, at 10 per cent, more than twice that of the United States and it helps to create cheaper labor. Many U. S. companies have come to the island in quest of just that. Puerto Rico says it now discourages these "runaway" companies if their purpose is strictly low-cost labor, and for what it's worth, this could be expected to change under statehood because state governments do not often discourage company moves to their areas.

Among reasonable Puerto Ricans and mainland executives there is unanimity that transition from commonwealth status to statehood—if it ever took place—would be made as painless as possible.

Stateside programs would be introduced gradually. Taxes would be altered by degrees. Conformity to U. S. mainland traditions might take up to 10 years to finalize.

No one would want the fifty-first state to be born in anger.

And furthermore, the U. S. Congress is not likely to approve statehood unless a decisive majority of Puerto Ricans asks for it.

That old saying, "You can tell a lot about an issue by the people who favor (or disfavor) it," is still valid. So, have a final look at the people and factions backing three alternatives:

- Statehooders are led by Gov. Luis A. Ferré, whose New Progressive Party captured power in November, 1968, from the Popular Democratic Party which had been in office for 28 years. Gov. Ferré believes the best future for Puerto Rico and for American businesses established here lies

with the island becoming a state.

But he does not want to rush things. He wants Puerto Rico to become more prosperous by continuing to absorb U. S. business. Recent voting on various issues and in various elections indicates that backing for statehood steadily increases. Gov. Ferré, a prominent and highly successful industrialist and philanthropist, is in the second year of a four-year term. No date for a plebiscite has been announced, but there is general agreement that regardless of who wins the gubernatorial election of 1972, a plebiscite will soon follow.

- Commonwealth status devotees are headed by the grand old man of Puerto Rican politics, Luis Muñoz Marín, who ran the island with verve and efficiency for four terms as governor. Mr. Muñoz now operates more or less from behind the scenes, although he still holds various political positions.

Other commonwealth people include Sen. Negron Lopez of the Popular Democratic Party and former Gov. Sanchez Vilella of the People's Party. The business community remains, to a large degree, behind commonwealth status although important sectors recently have drifted toward Gov. Ferré's way of thinking.

- Independence advocates represent about 0.3 per cent of Puerto Rican voters and their portion at the polls does not seem to be increasing. Antonio J. Gonzalez leads the Independence Party, which includes well-meaning people who simply want Puerto Rico to become a separate nation and speak of making it the halfway house between English-speaking North Americans and Spanish-speaking Latin Americans.

Generally, those who want independence are intellectuals, including a handful of professors at the University of Puerto Rico.

Also on the island are a very light scattering of communists and independence-advocating anti-Americans. Wild radicals pull off an occasional bombing of American-owned premises—usually a store. But you hear less of these people here than you do of radicals in almost any big mainland city.

END



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The Indomitable "No Man"

Has the thought ever occurred to you that the art of saying "No" is a perfectly marketable attribute?

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It will not be easy, but I assure you it will be worthwhile. Being a "no man" is not easy. It is far from the painless path of least resistance practiced by the "yes men."

The opportunity to say "No," "No thank you," or occasionally "Hell, no," will arise at least once a day and probably more often. Therefore, you've got an edge on the "yes man" in that his opinion is seldom solicited that often.

D. K. DUNKEL, author of this article, is director of public relations for the Greater Cincinnati Chamber of Commerce.

To be a successful "no man" you must create a potentially disastrous result for every project or proposal put before you.

There are, of course, liabilities. Being a "no man" is just about as hazardous as being too aggressive a chess player. If you're so busy attacking that you leave a flank open, you've got trouble.

If you overlook the obvious and suffer a frontal counterattack by a sharp "yes man," the results will be devastating.

The best defense . . .

The most common defense against a "no man" is to demand that he provide a better idea. This is principally a method used by both top and intermediate executives to escape the uncomfortableness of being told their ideas won't work.

Don't be intimidated by the "So how would you do it?" comeback. It

is not necessarily your role to come up with a better or workable measure. After all, if someone else had the idea, why should you have to improve on it, just because it's no good? It was someone else's idea, so he's stuck with the responsibility of an alternative, not you.

Of course, an occasional plum will fall into your lap where you'll want to suggest a solution to the problem at hand. This is both desirable and advisable if you know what you're doing. It is, after all, your duty to contribute, and this can be done positively by saying "Yes" now and again. Your "no man" standing won't be appreciably affected, and it will help mask your basic negativism.

One error you want to avoid at all costs is saying: "I don't think so." This shows the world that you're not sure, and that is a definite "no-no" for the successful "no man." You must be firm, and not waver.

Keep in mind the "no man's" basic goals:

- First, the profit motive.

The employer's profit and your own are inextricably linked. So make sure your "No" vote is a means to that end.

- Secondly, satisfaction.

Only the big time

You should enjoy saying "No" and not waste your time or talent on small-scale battles.

Save yourself for the big ones.

Finally, rejoice in your work and don't be ashamed, intimidated or shy. Try not to allow guilt to creep into your subconscious.

Eventually, of course, you will reach a point in your career and within your organization where you'll be unable to afford the luxury of saying "No." At that point you'll be on top of whatever heap you're climbing and you'll have gotten there via the shortest route, though it's a hazardous one—No Man's Land.

END

REPRINTS of "The Indomitable 'No Man'" may be obtained from *Nation's Business*, 1615 H St. N. W., Washington, D. C. 20006. Price: 1 to 49 copies, 35 cents each; 50 to 99, 30 cents each; 100 to 999, 17 cents each; 1,000 or more, 14 cents each. Please enclose remittance with order.



business: a look ahead

AGRICULTURE

In these days of sophisticated electronic eavesdropping, would you believe a sonic burglar alarm to catch bugs?

Far out as it may sound, that's what they've come up with to combat the problem of insect infestation of stored grain.

Department of Agriculture researchers at Savannah, Ga., wanted a device to check the effectiveness of fumigants in stored grain, with the objective of maximum results from minimal application.

More than a year's work produced a technique whereby small grain samples are placed

on thin plastic sheets with adhesive surfaces, and hung from a hook.

Sound emitted by unseen insects is amplified to the point that it's audible and is visible on an oscilloscope. Equipment used is so sensitive that differences between chomping sounds of larvae and mature insects are detected.

One prototype set of equipment has been developed.

It will be tested widely by Agriculture Department personnel handling inspection of stored grain.

CONSTRUCTION

Wide-ranging experimentation in building patterns, design, materials and techniques is called for by a task force developing plans for a city to be built from scratch.

The project is Minnesota Experimental City. For two years, participants from business, education, government and scientific fields have been outlining what the city should be in social, physical and economic terms.

They hope federal, state and local government, as well as business and the academic world, can cooperate in promoting development of a genuinely self-contained city for 250,000 people by 1976.

A progress report calls for innovation in everything from technology to land use, free from conventional restrictions such as codes and regulations.

MANUFACTURING

Many large companies increasingly feel out of touch with their employees, shut off from questions, suggestions and possible discontentment that could lead to strikes.

This is the conclusion of a major corporation which has been surveying a broad cross section of industry as part of an effort to improve its own internal communications processes.

It had eight consultants fanning out across the country for three months, contacting some 75 companies. They found that many had instituted bits and pieces of a system for helping management and employees learn

what was on each other's minds, and seemed extremely anxious to explore new approaches.

A common reaction: "When you get your program put together, for God's sake let us have a look at it."

The surveying company says it has undertaken the largest such "state-of-the-art" study of the problem of opening up lines of genuine communications among all corporate levels.

Its goal is a package of various techniques to insure good-faith transmission of information from the bottom to the top—so-called "upward communications"—combined with genuine responsiveness at the top.

CREDIT AND FINANCE

Long-term borrowing cost outlook calls for interest rates of 6 to 9 per cent over the next 10 years.

That's the forecast of a Lockheed economic advisor who blames "demands for capital, both nationally and internationally," during the years ahead.

At the same time, he sees relaxation of

inflationary pressure and a return to relative price stability. Inflation rates would run about 2.3 per cent, compared to the 4 per cent-plus of recent years.

This analysis, by Harry R. Biederman of Lockheed, assumes an end to the Viet Nam war and a reduction in defense spending, followed by something of an upturn later.

FOREIGN TRADE

Expansion of Free World trade to \$400 billion over the next decade is forecast by Arthur K. Watson, chairman of IBM World Trade Corp. That compares to its growth from \$101 billion to \$230 billion during the Sixties.

Mr. Watson cautions that the projection could be high or low, depending on whether

a trade war develops. He notes that rising protectionism here or abroad could well trigger retaliation on the other side.

As to legislation, he predicts a standoff in Congress for the immediate future, with neither protectionists nor advocates of liberalization gaining a decisive edge.

MARKETING

Despite strong opposition, the government appears likely to continue leveling antitrust attacks against corporations conducting trade relations activities.

Earl W. Kintner, former Federal Trade Commission chairman, warns that government ignores the broad promotional functions of trade relations and views them strictly in terms of reciprocity.

Reciprocal dealings, in which companies both sell to and buy from each other, are vulnerable to attack when forced by one company on the other or based on a mutual back-scratching agreement freezing out com-

petitors. Mr. Kintner has advised companies with trade relations activities to avoid maintaining trade data or conducting sales or purchase operations in ways liable to interpretation as fostering illegal reciprocity.

The Justice Department has stated a policy of attacking reciprocity both as an objectionable practice standing alone and as an abuse of their market power by conglomerate corporations.

This despite a special task force report to President Nixon that noted: "The economic threat to competition from reciprocity . . . is either small or nonexistent."

NATURAL RESOURCES

Some experts now see Antarctica as a potential source of fish meal for both humans and livestock.

Neal Potter, in a study being published by the American Geographical Society, cites the case of krill, shrimp-like creatures seldom exceeding two inches in length but congregating in dense schools.

The Antarctic is rich in the sea plant life which sustains krill and other minute sea animals being viewed as supplements to the world's protein supply.

Mr. Potter sees it likely that factory ships harvesting krill and processing meal could produce an economically viable industry with markets in the Northern Hemisphere.

TRANSPORTATION

Construction of a \$2.5 billion rail rapid transit system for the nation's capital and its metropolitan area will give impetus to mass transit elsewhere.

As to federal policy, it represents a conviction that roads alone cannot meet all urban transportation needs, as well as recognition that excessive reliance on freeways causes needless disruption of a city. Balance is the byword.

President Nixon has given top priority to the

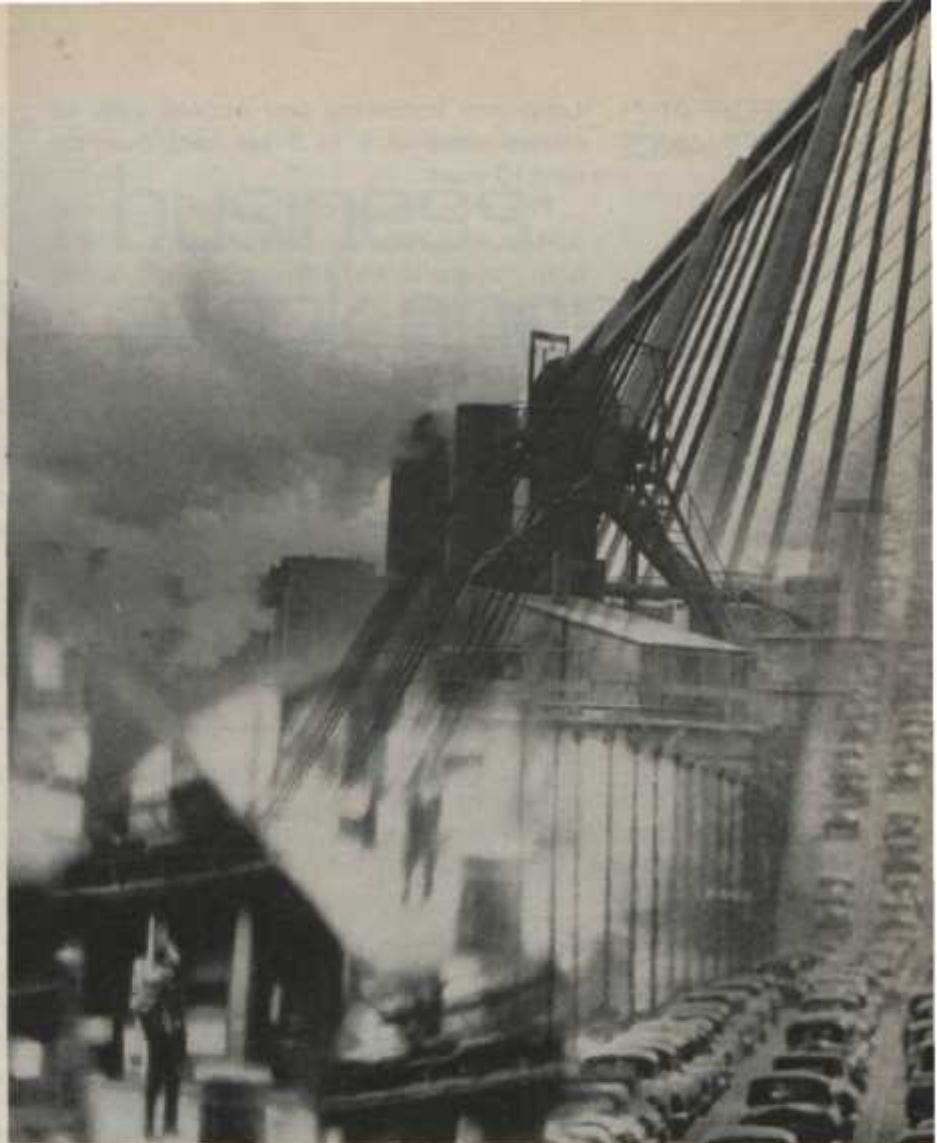
project, exempting it from efforts to hold down on public works as an anti-inflation measure.

Several cities have contacted the Washington area transit authority for advice, including how to campaign to win voter referendums in several area jurisdictions contributing financial support.

They are told: Avoid transit-vs.-freeway disputes, recognizing that both probably will be needed as part of a comprehensive system.

Sail With the Winds of Change

A thoughtful executive says businessmen must be responsive to the needs of our times



A current assessment of the "success" of our economy must take cognizance not only of the economic performance of our several relevant institutions, but of their social performance as well.

I could start with the premise that there is very little to fault insofar as the economic performance of these institutions is concerned. While one can certainly sight economic inadequacies, it is difficult to visualize—in mid-Twentieth Century America—a better alternative for the performance of the business tasks, the economic chores—than our neo-capitalist, quasi-free enterprise system. Whether

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our measurement be in terms of absolute or relative standards, of gross national product, of high employment or low unemployment, our performance over the past 30 years has been little short of phenomenal.

Above all else the modern businessman has developed as a basic part of his working methodology a capacity for solving problems.

Historically, problem-solving techniques have been directed at production, technological or market-oriented problems.

In the area of technological problem-solving, the American businessman knows no peers; and his ability to outproduce and outsell everyone else is already legendary. He currently is striving to achieve more modern and better management techniques. And in many dramatic ways he is

working affirmatively to use these new techniques to solve national and community problems.

For to focus on our economic progress and success exclusive of our social needs, demands and problems would be to be both unrealistic and to suffer the indictment of being irrelevant to our times. There is indeed a live and growing danger in our society that unless social needs are given a high priority across our entire national consciousness, then indeed all of our existing institutions—not only business, but labor, education, the church and government as well—will be in jeopardy.

I should like to look at the ways in which the business institution is adapting itself to these changes in our social order.

Not long ago, economists taught



MONTAGE: DANNY BLACKMAN

that all businessmen needed to do to justify their existence was to produce a profit. Out of that flowed all the benefits and the abundance announced by the capitalistic theory: work for workers, products for consumers, profits for investors. These fundamentals are still valid and they are still essential.

But the business leader today has a far broader perspective, and he looks through a longer telescope in setting his sights for the future. Today he must be cognizant of the need for bringing more qualified workers into the work force, so he supports the National Alliance of Businessmen, designed to make the hard core unemployable fit to add to society; he has concern over the education of high school dropouts, so he supports Job Corps centers to bring the young

(who may be rejected by the system) back into the system.

Consider the totality of the efforts of business in conjunction with government to solve the smog problem through joint activities of the petroleum and automotive companies; business and government efforts to eliminate industrial and city waste and the ruination of our rivers; joint efforts to purify water; the active program working toward rapid transit and other solutions to the transportation mess in our great cities, and joint business and government efforts to solve problems of solid waste disposal, public safety and housing.

It is true, much of this should have been started long ago, and it's easy to say that the companies had to get with these things or get into trouble. But the important thing is that these

programs are under way, voluntarily, and on a huge scale.

These are big problems that are going to require equally big and impressive solutions. They aren't going to be solved by a couple of new products or a couple of new study committees simmering on the side burner. They present tremendous political, social, economic and technical problems for all of us.

Today, on countless fronts, the businessman is increasingly concerned with the social quality of the lives—and with the economic opportunities—of the people in his country and in his community. And he is working to make this society a better one for all its members.

One of the most important things the businessman has learned in this process is that many of these problems, many of our national goals, many of society's ills, cannot be solved by business alone nor by labor alone nor indeed by government alone.

There originally was a happy simplicity in the organizations and responsibilities of our society: Our schools and colleges were responsible for formal education; the business sector was responsible for the welfare of the economy; the military was responsible for national security. Today that simplistic dichotomy has given way to an almost indefinable co-responsibility, an overlapping of functions on every front.

New partnership

Consider today how both business and government are inextricably involved in the educational process and, indeed, in the very survival of educational institutions. Business and government are concerned with the effort to protect our balance of payments and to guard against inflation and deflation.

And consider the extent to which industry has become a co-worker with the military in working toward national security.

The leaders of all the various "communities" within our society are coming to understand that progress means change, and that it also means

Sail With the Winds of Change *continued*

partnership. It is as partners that businessmen are becoming involved in the problems that are too complex to be handled unilaterally by any single institution; Problems of educational opportunities for young and old; of providing training and jobs for people who are by current definitions unemployable. Business and government are partners, too, in the complex miracles of space.

And businessmen and government together are using their talents, their time, and their resources to find answers to the thousands of cruelties and tensions inflicted on us by this age of cities. They know that something must be done, and done rapidly, about the urban transportation mess that most cities are struggling against; about the pollution of our waterways and this all too precious envelope of air in which we exist; about the menacingly high rate of crime on our city streets; traffic congestion, people congestion and inadequate services of all kinds.

Meaningful dialogue

It is highly significant that there is a growing concert of feeling in so many quarters of our society that these problems must be solved. What is most significant is that the major institutions of this society are beginning to cooperate with each other in a meaningful way to get at some of these distress areas.

Importantly, too, we have learned to talk to each other, and nothing, I submit at this point in time, is more important. At times it's good to see ourselves as others see us. Here is a comment from the *London Economist* which is pertinent:

"American respect for intellect, for professionalism, has . . . reduced personal barriers between key individuals in different institutions, who in other countries are still separated by basic differences in personal backgrounds and personal attitudes.

"It is fascinating to observe at a Washington dinner a controller from the Federal Reserve and a civil servant from the Administration deeply locked in argument with a private banker and an industrialist, differing sharply in their standpoints and in the interests they represent, but fundamen-

tally talking in the same language and on the same terms, of argument and alternatives, not of status and precedent. At bottom they are men of the same kind."

I do not want to give the impression here that business is foregoing its traditional jealousy of its domain, and its fear of government encroachment. That day, I trust, will never come. For the new relationship between business and the government, and between education and the government, is not one in which all concerned may lie down like the lion and the lamb and relax.

Nathan M. Pusey, president of Harvard, discussed this very question as it related to federal aid to education:

"We at Harvard do not want the federal government to take over financial responsibility for us. Far from it! Rather we are working as hard as we can to maintain our financial independence as the basic requirement for maintaining any independence at all. . . . But we shall also continue our new association with government wherever learning and research can strengthen national policy. . . . We move into the relationship on guard and wary, filled with suspicion, ready to be helpful where we can, but at the same time eager to concede nothing to our more powerful partner.

"We fear that at some future time our new associate may begin to make demands upon us inconsistent with the true character of an independent university. When that time comes—perhaps we should anticipate, when those repeated times come—we wish to be able, and we firmly intend, to say no."

And, as John Gardner, former Secretary of Health, Education and Welfare, said in discussing business's relationship to the government, "The tension between public and private sectors is inevitable, but although the relation cannot, and should not be an easy one, it can be a creative one."

Separate but vital

No matter how complicated the relationship may become, I hope that the separation of the vital functions of government and of all fundamental

institutions in our society will always be preserved.

In a sense, of course, that separation has always been difficult. For the government has for three quarters of a century had an important role to play in the working of our competitive enterprise system. And this has been necessarily so.

The need arose with the government in the role of an umpire making sure there was a proper functioning of our competitive system which presupposes a sharing of the benefits of our production miracles between owner, customer and worker. Consider in this regard: the Securities and Exchange Commission designed to protect shareowners—the investing public—against fraudulent manipulation of the market; the National Labor Relations Act guaranteeing to workers the right to join into unions, and requiring of both management and labor that they bargain fairly with each other concerning the terms and conditions of employment; the Sherman and Clayton antitrust laws prohibiting monopolistic or trade restraining activities which would impede the consumer's right to be the beneficiary of full but fair competition.

Reforming the reformers

The implementation of these checks and balances has not been without excesses on the part of government agencies and individuals. Sumner Schlichter once asked: "Who will undertake to reform . . . the institutions established to reform free enterprise?" The inevitable conflict between the enforcement agencies and the enforced corporations has, of course, created and salted wounds on both sides.

A further danger is that the regulatory agencies tend to become what Prof. Samuel P. Huntington has called "defenders of the status quo."

On the other side of the contention are those who assert that present government participation and controls are inadequate in relation to the totality of the need. Their concern is over the competitive system's ability to right its own wrongs, to know what and how much of what to produce; they fear management's price-setting

"power," they are concerned over the ever increasing computerization and its effect on employment or the dignity of man.

They are frightened by the size and strength of big business as presenting an omnipresent challenge to society; conversely, some fear that our institutions have become too large to be efficient—that like the dinosaur they will stagnate because of their own inflexibility. And in the light of occasional aberrations they are skeptical of management's moral capacity to give necessary proper leadership in all these respects.

Thus the lines of debate are fairly clearly and rather sharply drawn. But the picture is by no means complete with a statement of the government controls on business conscience or conduct. There are manifold other controls which affect the workings of the business system. It should suffice to cite a few:

- The profit system itself, which serves as the basic motivation and

measurement of effectiveness of our economic system.

- The disciplines imposed by the marketplace. No company can long produce what the public does not want and will not pay for. No business can thrive in an industry plagued by overproduction; it cannot succeed if it does not stay abreast of technological developments which give its competitors lower costs or better products.

- The extensive internal controls within the modern corporation of which few members of the public are aware: Accounting controls designed to channel money and activities where they will be most effective; auditing controls, to protect against dishonesty; preventive law—the use of corporate legal organizations to guide management along legal lines in the formulation and carrying out of company policy.

- Good taste and goodwill—the ethical demands of society which are as effective as any law in imposing their commands on the business commu-

nity. No company chooses to flout the express wish of those who should be its customers.

It is error to assume that these pressures of society are unimportant. Perhaps because of the process of the development of the "king's conscience," perhaps because of our highly developed radar sensitivity to public demands—whatever the reason, the pressures of public opinion on corporate conduct are very real and they are very powerful.

And all these controls are tremendously effective. It is significant that they are in every case adaptable and that they flex with the demands and the needs of society.

In the determination as to what is right or wrong in the area of ethical problems it is true—as it is in many others—that there is no absolute answer, good for all places and all times.

And ironically, the correction of real life ethical or social wrongs frequently can be achieved only over

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Sail With the Winds of Change *continued*

a prolonged period. As a result, reaction to ethical problems must be an aware, constantly flexible and intelligent one. For by the time the resolution of the problem may be feasibly at hand the propriety of the resolution itself may be in question.

I submit that the determination of the proper respective roles of business and the government in our economy (and the extent to which either or both should seek to identify, meet and resolve ethical problems within that economic system) is in itself a timeless problem having no permanent bounds. There is no wall which can permanently properly divide the respective roles; there is not even possible a blueprint for the future, consistent with a free society or a capitalist economy which will chart the optimum progress in the changing relationship between the two.

Times for change

It is my thesis that if the business system is to meet its new crises with the intelligent agility essential to its success it must be free to make constant and swift adaptation and change as each situation may demand. Intelligence has been defined as the ability to adapt oneself quickly to a new environment. It was this quality which the dinosaurs lacked, and which sealed their doom with the earth's sudden cooling off. The business community as a group or singly is confronted almost daily with new emergencies. Unless a company is both able and free to flex and shift with the environment it will be in peril.

It is here that the principle of adaptability—in the sense of intelligent awareness and willingness to change in the light of changing facts—becomes the critical factor in good management. As new problems arise which a hundred years ago might have obsoleted an industry, today's managers explore, isolate and attack the problem just as would a research scientist working in a laboratory.

Where the manager is thus alert and imaginative, and determined to serve the long-range interests of the company, his actions and reactions will be the same as would those of one guided solely by ethical considera-

tions. "The national conscience," it's been said, is the "most potent of all spurs to social action." And consciousness of the public will is all the awareness that an intelligent businessman needs to produce the social action voluntarily, before the moral protest or revulsion results in new legislation or regulation.

This is by no means to say, for it is certainly not the fact, that the business executive simply learns to react to public protest; that his is a crisis response, blunting one after another of the public protests before they can destroy him. Rather the intelligent manager has not only his radar but also his own good judgment tuned in through his daily contact with the marketplace and with the public. He must foresee a problem area before the problem arises.

And long-range planning will steer well around the danger.

In sum, then, the modern executive attunes his business plans to both short- and long-range needs. He considers the changes necessary to make his business grow and prosper; he considers the impact of those changes on society at large, on his customers, on his shareowners, and on the individual employee in the company; he moves to effect the changes in a way which will maximize the goodwill of the public and of the employees, and the profits of the owners.

He, in this sense, is himself protecting and preserving the all-important balance of interests of these groups. His enlightened self-interest demands it.

Reacting to reaction

And you may ask, where, in this long-range thinking and planning, this consideration of the needs of his company and his employees and of society, this readiness to adapt his business actions to the changing needs, does the businessman find an ethical dimension for his judgments? The answer, I think, is in his acceptance of what John Erskine called "the moral obligation to be intelligent." And it is expressed in the way in which his actions reflect a total consciousness or awareness of his environment.

What the examples illustrate is not

that managers today are better, more moral, more religious persons than were their predecessors one or two generations ago. But they do demonstrate that managers are today keenly aware of the public reaction to their "social" output as well as their physical production.

They realize that long-run considerations require a response to this public attitude.

Thus does the modern businessman recognize and accept the necessity of his role as a progenitor of change. He is, therefore, in a position to counter his old (and widely accepted) image as a reactionary force. It is not enough to oppose extra governmental regulation on the argument that it prevents flexibility, unless he is prepared to demonstrate and to practice change and growth.

The accomplished businessman is a liberal force in society in the sense that politically, socially, economically and intellectually he is aware of the winds of change, and he has set his sails to make best use of their new direction.

What is the role of corporate leadership today? We need to do still better what we are already doing that is good. We need to discover the true functions of management and establish appropriate standards of justice for all with whom we deal inside the corporation. We need to comply with the law, and to learn to live with government regulation without letting it crush or paralyze our motive forces. Far more, we must sense and be responsive to social demands of the public as well as the marketplace and recognize the social consequences of economic decision-making.

Conscience or compulsion

Whether he bases this responsiveness upon the conscience of the corporation or upon the more compelling reason that the corporation cannot survive unless it satisfies certain basic business needs, the manager must today mesh the two types of standards into his daily conduct.

He must, of course, comply with the requirements of the law; at the same time, he must sense and be responsive to the social demands upon the conscience of his company. END

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A. G. Decker of Black & Decker

A job well-done with power tools

In these days of inflation, few companies can say they have consistently reduced prices and improved their products at the same time.

Black & Decker of Towson, Md., is one such company. Items in its line of 400 electric, air and cordless tools sell for less than ever before, and one of the big reasons is the leadership of Alonzo Galloway Decker Jr., 61, who is chairman, president and chief executive officer.

Al Decker, son of a company founder, was practically born in the Black & Decker plant. He started as a floor sweeper and today directs day-to-day operations of a company which is worth nearly a half billion dollars.

Every man with a shop in his basement, nearly every contractor and many a housewife knows about Black & Decker Manufacturing Co.

Al Decker insists the state of the art of power tool manufacturing is high. The dollar of today, he says, goes further in the power tool field than did the less-inflated dollar of yesteryear. He points to a 1946 drill

which cost \$16.95. Today, a better drill costs \$8.88.

Black & Decker is Al Decker's life and his pride. One of the jobs the company has performed which he likes the most is turning out tools used by astronauts as they circle the earth and explore the moon.

On an Apollo flight to be made in 1970, an astronaut is due to carry a battery-operated, cordless Black & Decker drill that will take a 10-foot core sample out of the moon's surface.

Here, in an interview with NATION'S BUSINESS, Al Decker talks about his role in one of the fastest-growing companies in the country.

How many employees call you by your first name?

A great number. I have been working here since I was 14—as a floor sweeper right straight on up. Many people have worked with me side by side at the machines.

I can go through the factory and people will say "Hi, Al," and I'll say

"Hi, Joe." Because I know a great number of them. Not as many as I used to, because the company has expanded so much.

Do you think informality by top management works?

Yes, but informality should not be confused with overfamiliarity. People like to be recognized, they like to be called by name, they like you to know what they have accomplished. I am very proud of the accomplishments of our people and I let them know at every opportunity.

Who has been the greatest figure in the company's history?

Now, I am going to take the Fifth Amendment on that one because with Black and Deckers, if I say it was Mr. Black, the Decker family would get upset, and if I said Mr. Decker, the Black family would get upset.

Well, who had the idea of selling power tools to homeowners?

I don't think any single person was

Lessons of Leadership: A. G. Decker *continued*

first to appreciate the use of power tools in homes. We think that Black & Decker was the first to come out with an electric power tool specifically designed for the homeowners, and this was a result of having experienced the depression of 1921 following the First World War. Things deflated considerably, then. Many people had to be laid off.

Our two founders said, during the Second World War, "We want to be prepared for this when this war is over so we will be able to keep the factory going." They appointed a postwar development committee. During the war, the men on this committee spent what free time they had looking, thinking, trying to develop ideas for Black & Decker to start on after the war.

The best thing that came out of it was the idea for using portable power tools for the homeowner. You might say the age of the "do-it-yourselfer" was spawned then.

No one person was responsible. It was a consensus of several of us. I might add that this is one of the ways Black & Decker has always done things. There are no prima donnas in our organization.

Could you tell us about the early history of the company?

It was founded in 1910 by S. Duncan Black and Alonzo G. Decker, my father. Both these men were engaged in industrial or tool design. Both felt that working for someone else didn't give them the sense of achievement they really wanted. So they gave up their jobs and borrowed \$1,200 between them and started out in a rented warehouse in Baltimore.

I happened to be two years old at that time and I almost feel as though I can remember it. I think I can remember almost that far back because Father took me a lot of places and when he worked overtime and weekends, he took me with him. So you see, I grew up right with the company.

They kept at this machine business until about 1916, and it was sort of a feast or famine because they had to depend on other people's ideas. Inventors would come and say, "Here's an idea, would you make it?" So they would struggle trying to turn the idea into a practical product. Few of these products proved successful enough

for long production runs. After working on other people's ideas for six years, the founders decided they would never make the grade in this fashion. At that point they elected to try manufacturing their own products.

They must have had a very good crystal ball. To choose electric power tools, I think, was most fortunate. Although some electric power tools were being marketed by the Germans, they were not very practical. They had large motors and housings and inadequate switching devices. In fact, they were so big and cumbersome that it usually took two men to handle them. The motors were either direct current or alternating current motors of a constant speed.

Black & Decker then came up with an idea of producing an electric drill that had a universal motor so it would work on either alternating or direct current. They devised a switch in the handle and the slogan, "pistol grip and trigger switch." They were able to make a drill that was less than half the weight of any drill up to that time.

Along with the drill, they designed a small electric air pump, that was sold to the owner of an automobile and he kept it in his garage.

Mr. Black died in 1951 and my father in 1956. Following my father as president was Bob Black, the brother of the founder. He is retired but still honorary chairman of our board.

Your company very nearly went under the auctioneer's hammer during the Depression. What saved the day?

Like most companies, we had to lay a lot of people off after our sales dropped. I was one of them.

No one thing saved the day. It was a combination of factors. Many of our employees, who were laid off because the company could not pay them, chose to work for nothing. This kind of loyalty and perseverance helped us pull through.

At the same time, we needed capital funds desperately. Certain financial people were persuaded to take a long, hard look at Black & Decker. They finally decided that here was a company that could pull through and go on to further success. After reaching this decision, they provided the financial support we so desperately

needed. I am happy to say that their judgment was correct.

Not too many large companies are still in the hands of men whose name is the company's. What is it like to see your name on big signs?

When you have a company as well-known and as well thought of as ours, it makes you very proud.

Which business figure do you look up to most?

Well, I've never really given much thought to that subject, but if I had to name one outstanding businessman, I would say Alfred P. Sloan. He did an outstanding job with what I think is one of the finest companies that exists, General Motors.

Research and development must be more important to your company than to most others. Tell us a bit about your program.

Yes, we place great emphasis on this phase of our business. During the past year, 33 per cent of our U. S. business came from products which were not in our line five years ago.

Our technical programs have brought about a number of "firsts" for Black & Decker, beginning with the first pistol grip and trigger switch drill. We've also introduced other notable firsts including shock-proof housings in drills, all-insulated drills, electric brakes on saws, cordless power tools, cordless lawn and garden products, and, of course, the first lunar drill. We have a central product development council that establishes and coordinates research and development policy. However, this is general policy.

We don't attempt to tell each of our companies what its specific programs should be.

Women increasingly are users of power tools. Do you foresee the day when Black & Decker will manufacture a ladies' line of lighter, simpler tools?

It wouldn't surprise me if we design a line of tools that are more attractive to the housewife. As a matter of fact, it has been estimated that one half the tools sold in the home to families whose incomes are \$7,000 to \$15,000 are used by the wife.

Why did you go abroad for business



Some of a busy businessman's duties aren't as tiresome as others. Mr. Decker meets here with Paulette Reck, "Miss Maryland."



Al Decker grew up in the shop and he's a keen youth development man. He bought the first stock from the Black & Decker-sponsored Junior Achievement company.



Black and Decker is one of America's most internationalized companies and Al Decker often meets with foreign trade groups—such as this one from Japan—in Towson, Md.

R ingredients for success

A writer-philosopher once said,
"I can't give you a formula for success,
but I can give you a formula for
failure—try to please everyone."

Trying to please everyone is not an
essential ingredient for success but
here are a few. They have been called
the basic tools for solving community
problems:

* Willpower—or the *will* to do the job.
Deciding on a goal to be reached,
and working on that goal with deter-
mination and dedication.

* A Mechanism—or vehicle in which
the resources of the community can
be melded and to provide effective
follow-through.

* Money—the allocation of the financial
resources to get the job done, and

* Political Action—to assure govern-
mental cooperation on those programs
in which government must, and should
be involved.

Many chambers of commerce have
been using these tools with various
degrees of success for years. If you
agree with this list of essential
ingredients, go by and talk with the
the people at your chamber of
commerce about what you can do to
help achieve problem-solving success
in your community.



PETE PROGRESS

Speaking for the local chamber of commerce in your community

A. G. Decker *continued*

*when for the same effort you could
have made more money in the
United States?*

We don't think we could have.
After all, 43 per cent of our sales and
earnings are derived from our busi-
nesses outside the United States.

We have Black & Decker com-
panies in 17 different countries. In
some, we operate only with sales and
service centers. In the larger market
areas we have manufacturing plants
—four in the United States, one in
Canada, three in England, two in
Italy, and one each in France, Aus-
tralia, Spain, Mexico and Germany.

*You are now invading Germany, the
place where the power tool industry
started?*

It's probably the toughest competi-
tion from a manufacturing point of
view of any place in the world except
the United States. We went there
eight years ago. Since the German
manufacturers hadn't given too much
attention to the consumer market, we
went after that and now have 45 per
cent of the German consumer market.

The founders went into Canada in
1922 because the United States mar-
ket wasn't going to be big enough for
them.

We are now going into Japan,
purely on a marketing operation—the
future will dictate what else we do.
That is the second largest economy in
the world now, and the third largest
market for portable power tools, so
we expect to get our share of that
market.

The Japanese have very fine power
tool manufacturers, but we expect to
be competitive.

*Are you a free trader, or protection-
ist?*

Very definitely a free trader, all the
way. We never have asked for protec-
tion, and we don't expect to. We are
ready and willing to compete on any-
one's terms so long as we have the
same advantages they have.

*Would you be saying that if you
were a textile man or a steel man?*

I am neither, so I don't know. I
think the key factor is to operate the
business on an international basis.
We don't look at ourselves as an
American company with overseas
branches.

Black & Decker is an international

Lessons of Leadership: A. G. Decker *continued*

company made up of a network of subsidiary companies throughout the world. We don't export a lot from the United States because we are in our worldwide marketplaces. In order to be in these international marketplaces, you have to work there and be able to produce as effectively and efficiently as the companies you are competing with.

One thing to remember is that anytime anybody tries to raise tariffs against goods coming into the United States, somebody abroad raises tariffs on products going from here.

What's happening in your sales, services and manufacturing abroad, compared with the United States?

Overseas operations are keeping up with the United States and in many instances they are actually exceeding domestic growth. They have continued to increase their share of Black & Decker total volume of sales.

We are decentralized to the extent of three separate operating groups. The largest is the United States and Canada. The next is the European group. Third is what we call the Southern International Group, composed of Australia, New Zealand, Asia, Central and South America and South Africa.

We have three vice presidents who are general managers in charge of each group. They have complete responsibility and authority to run those operations. Each area is further broken down by country. Every country has a separate corporation with its own management, its own profit responsibility.

Of the 5,000 employees we have overseas, only five Americans are in the group. Only two are managers. We use nationals to operate our overseas companies, whenever possible.

How often do you visit your overseas companies?

I try to visit our overseas operations as often as I can. Usually this means several overseas trips a year. Each trip covers a number of countries.

Is it true that the higher the cost of living, the more homeowners do their own work?

It is certainly true. We do not penetrate some markets outside the United States because the cost of

living there is so low that labor is cheaper to hire than power tools are to buy.

We will go into those markets when they get to a point where it pays a man to buy a tool to save labor.

What are your feelings on acquisitions, mergers, conglomerates, diversification?

That is really four questions, and let me try to give you four brief answers.

With respect to acquisitions, Black & Decker has made some, but we have limited them to companies which are compatible and appropriate. We don't believe in making acquisitions simply to beef up sales. Black & Decker has grown at an average annual rate of 15 per cent in sales and earnings over the past 11 years by selling more and better power tools.

As for mergers, we're not interested. There are too few companies that have had our kind of growth or potential and there wouldn't be much advantage for our stockholders if we merged with any of the others.

Most large companies today seem to spend a great deal of time denying that they are conglomerates, so I am not sure there is such a thing. It's true that some companies have done well by operating in a number of diverse and unrelated fields. But, it's also true that a large number have not. We've elected to grow with the business we know best. We've done very well as an independent company and we have every intention of staying that way.

Diversification is important to every successful business. At Black & Decker we have diversified by geog-

raphy and by market. By geography we have gone all around the world. Black & Decker products are sold in every free country. By market we have attracted professionals, hobbyists, women and retirees. With each price reduction we open new strata of the economy to power tools.

I notice you have a ship's bell here. Are you a sailor?

Up until about two years ago, I had an 83-foot boat that was my pride and joy, and I operated it myself. But I decided that soon I would be too old to operate it and so I found a farm on the Eastern Shore of Maryland on the Sassafras River. I grow grain, corn, wheat, soy beans, etc. As a hobby, I raise 1,500 to 3,000 wild ducks a year and release them.

Do they come back to your place?

We mark all of them, but we never really know that they have left, because so many stay here during the summertime. If we could have them punch a time clock up in Northern Canada, we would know they had been there and then come back. I got a leg marker band back from San Jose, Calif., not long ago. One of my ducks obviously went north to the nesting grounds and then went to the Pacific and ran into a little shotgun lead in San Jose. **END**

REPRINTS of "Lessons of Leadership: Part LV—A. G. Decker of Black & Decker" may be obtained from *Nation's Business*, 1615 H St. N. W., Washington, D. C. 20006. Price: 1 to 49 copies, 35 cents each; 50 to 99, 30 cents each; 100 to 999, 17 cents each; 1,000 or more, 14 cents each. Please enclose remittance with order.

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The National Chamber's Annual Meeting—held in Washington each spring—is a leadership meeting.

It attracts a capacity audience of business and professional leaders. From all parts of the country.

What brings them here?

Well, for one thing, this meeting is known to be a glamorous event. It is colorful, exciting, stimulating. The entertainment is of the nation's best. The meeting is a notable change of pace for people who carry heavy responsibilities, and who need and enjoy a change of pace.

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And it gives them a firsthand, high-level report on what's ahead in America—problems, aims, plans and proposals.

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The 1970's will usher in an entirely new epoch. The National Chamber's Annual Meeting is for the person who is concerned about what is happening—and could happen—and who wants to make his leadership count for constructive good in his own community.

The dates of the 1970 Annual Meeting are: April 26-28. The place: Washington, D. C.

Send us your name and address, and we will send you information about the program, speakers, issues to be discussed, and about hotel reservations.

Chamber of Commerce of the United States
Washington, D. C. 20006

CHAMBER OF COMMERCE OF THE UNITED STATES Washington, D. C. 20006

☐ Please send me information about the National Chamber's 1970 Annual Meeting in Washington, April 26-28, the program, speakers, issues to be discussed—and information about hotel reservations.

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A Job Program That Works

Long Island has a way to bring business and youth together

Business had its share of problems and so did the rest of the community, but unemployment among those able and eager to work could hardly be one of them.

So assumed many businessmen on New York's Long Island, says Fred E. Merrell, executive vice president of the Long Island Association of Commerce & Industry. For them, one big worry was a tight labor market.

But there was a problem in getting one type of worker into the right job. That worker: the youngster not destined for college and cut loose from high school without adequate employment guidance.

How the cooperative effort of hundreds of business firms, and school, county and state officials, solved this problem offers a good example to others facing similar situations. The solution: an "Employment Day" program.

"Why haven't we been doing this for years?" is the general business reaction to Employment Day, as summed up by Arthur E. Nelson, personnel manager for Long Island Trust Co.

The results of the two-year-old program are good, though the more than 500 companies participating hope to make them better. In a survey of 932 of 3,640 students who were interviewed for jobs in 1969, 220 received firm offers (despite an informal ground rule that firms would not hire on the spot) and 754 were invited to follow-up interviews.

"This is a phenomenal percentage," says Larry Swenson, vocational counselor at Bay Shore High School in Suffolk County.

Counselor leads the way

Concern over the non-college-bound student's employment prospects was sparked by Vocational Counselor

Harold Sobotko of Brentwood High School. He proposed a concentrated effort to bring business and job-seeking prospects face to face.

This concept is not new. "Career days" are held in many schools. So are other types of job introduction programs. In many instances, however, students are exposed to a limited range of prospective employers; school counselors are not enthused.

Long Island presents a special problem. It is a geographical mish-mash of towns over an area 130 miles long and 15 to 20 miles wide. Once thought of largely as a bedroom for New York City's commuting workers, it is a burgeoning business empire, dotted with hundreds of large, medium-sized and small companies. But transportation is a serious problem and it is hard for job-seekers to learn of vacancies.

Mr. Sobotko discussed his idea with Mr. Swenson, and soon others were involved. The Western Suffolk Personnel & Guidance Association assumed sponsorship.

Businesses embraced the idea. Co-operating were such firms as Grumman Aircraft Engineering Corp., Hazeltine Corp., Narda Microwave Corp., Maxson Electronics Corp. and Fairchild Hiller Corp., all offering a wide range of job opportunities.

The program's key elements:

- Prospective graduates not headed for college are alerted to the program. They receive, in schools that choose to participate, orientation on the application and interview process and data on companies and types of jobs available. They fill out individual application data for handing to the interviewer at the outset.
- The widest possible participation by companies is sought, through personnel departments or chambers of commerce or trade associations.
- Counselors are designated for each



school to coordinate planning with a steering committee representing business, government and schools.

- On Employment Day, students and business interviewers are brought together at central locations.

A big "Day"

On the first "Day," in 1968, more than 1,000 students turned out for interviews. Of this total, 60 per cent were hired upon graduation.

In 1969 the number of students participating in Suffolk County rose to 1,600. Neighboring Nassau County joined in, and 2,300 were interviewed.

James M. Hunter, recruitment supervisor of AIL, a division of Cutler-Hammer, feels the program's chief appeal to business is that students have already been screened and are "aggressive and with a sincere intent to go to work."

The typical reaction of a student: "It's a lot easier than driving around the country knocking on doors."

The Long Island program is not



A Grumman Aircraft Engineering Corp. official advises a 17-year-old participant in the massive effort to find jobs for high school students.



Chris Ann Muller, hired via Long Island's 1969 "Employment Day," works in the property rating unit of an Allstate Insurance branch.

without drawbacks. Not all high schools participate and the ratio of female graduates to males who take part is better than two to one. Many boys do not participate because they are looking toward the draft, have part-time jobs they plan to make full-time after graduation, or prefer to go it alone.

Bigger participation by minority group students is high on the list of program improvements. Participation by these students in 1969 was termed "extremely disappointing."

Companies' problems include convincing students that advancement opportunity is available.

While the Long Island Employment Day program admittedly is small, its sponsors are encouraged because it actually produces results. And the man who headed Nassau's participation, James F. Demos of the County Administrative Services, says a detailed how-to-do-it kit is being assembled to meet keen interest from other areas.

END



PHOTO: WICKER WOLFF—FLAHERTY

Counselor Harold Sobotko, originator of the program, advises students as part of a preliminary screening, motivation and orientation process.



From Harlem to Harvard

Business-backed prep school turns slum dropouts into college students

Two years ago, Calvin Bradley was a high school dropout disgruntled with his job of cleaning ink cans in a print shop and facing the bleak prospect that his future held little else.

Today, at 21, he is a college freshman, majoring in sociology at the University of Massachusetts.

The change came about in a former supermarket that is concentrating these days on a single commodity: Hope. The low, red-brick building is now the home of the Harlem Preparatory School in the center of the New York City Negro section.

The school was started in 1967 as a pioneering experiment with the specific purpose of turning high school dropouts into college graduates.

All 35 members of the first graduating class and all 71 who finished this past June are now in colleges and universities that include Harvard, Cornell, Colgate, Fordham, Hamilton Wesleyan and Dartmouth.

At the 1969 graduation ceremonies, held in a roped-off street, special awards were given to the business corporations which, along with foundations and individuals, are supporting the private school.

Executives who have represented their companies in Harlem Prep affairs are unanimous in their praise. "It's one of the finest ghetto programs I've seen," says James Hill of the urban affairs division of Union Carbide, which contributed a laboratory built on the basement level of Harlem Prep.

Standard Oil of New Jersey is also among the benefactors of Harlem

Prep as part of its broad programs for helping deal with urban problems.

Michael L. Haider, former Jersey board chairman, says that business "has long recognized its social responsibilities" and the present need is for "deeper, more imaginative and longer-range involvement in cooperation with other sectors of society."

Harlem Prep was founded by the New York Urban League to challenge, among other things, the concept that a high school dropout was irretrievably lost to further education.

Its driving force is Edward F. Carpenter, a veteran of many years' experience in the education of the underprivileged, who is now headmaster and chief fund raiser for the school, which gets no government money.

How it operates

He assembled a staff that cut across racial and religious lines and opened the school in temporary quarters in an armory. Its requirements are clear-cut:

"For graduation, students must have demonstrated the power to do college work; they must be proficient in verbal and writing skills, as well as mathematical skills. They must have acquired a firm grounding in social studies . . . The aim of Harlem Prep is not only a diploma, but to place a student in college. He must have a record for consistent attendance and punctuality and show his ability to live up to the spirit of the school, which presupposes self-development and service to the community."

There were 57 students when Har-



A city street was the backdrop as 71 college-bound grads received diplomas from Harlem Prep, which had moved into permanent quarters in a former supermarket (opposite page) before renovation was completed.



The business community has been a major bulwark of Harlem Prep from its beginning. Here, Milo Brisco, president of Standard Oil Co. of New Jersey (left) and James McQueen, community services director for Humble Oil Co., turn a check over to Headmaster Edward Carpenter (center) and Sister Ruth Dowd, vice principal.

lem Prep first opened. There are now 250, which the administrators think is about the maximum if the school is to continue to operate on its principles of small classes, an informal atmosphere and individual attention to problems of each student.

This year, Mr. Carpenter reports, there were 1,200 applications for 155 places.

"We love every student who walks through that door," Mr. Carpenter says. "We take the students as we get them, treat them with respect and love and trust." The result, he adds, is that "they develop a feeling of respect for themselves, their community and their fellowman."

The emphasis on reading, writing and mathematical skills opens doors to other subjects, many of them taught

on a college level. They include psychology, education, international relations, business, economics and the sciences.

An initial problem when the school opened, Mr. Carpenter recalls, was the demand of some in the Harlem community that the school be an all-Negro operation, with an all-black faculty and board.

"I didn't have time for an eyeball-to-eyeball confrontation," Mr. Carpenter says. "I asked for 10 months. I told them 'If you're interested in your children, you'll give me 10 months.' When that time was up, we had 35 students accepted at colleges and that was the answer."

While Harlem Prep graduates are still only sophomores and freshmen in college, Mr. Carpenter views them as

the vanguard of a steadily growing force that will have a tremendous influence on other youngsters.

"If you can work with a boy who has given up on the system and he is successful, the implications for those still in school are immeasurable," he says.

"Our graduates come back here from Harvard or wherever they went to school and the younger kids see that no matter what color somebody is, there are still opportunities if you take them."

Some of the graduates had been away from school from several years. Many, like Calvin Bradley, had drifted from job to unemployment to job until, by one route or another, they came to Harlem Prep.

"We are working with people who had been written off as losers," Mr. Carpenter says. "Not only are they now winners, they are coming back here to see how they can help others."

Harlem Prep graduates are majoring in such fields as education, the social sciences, medicine, business and government.

At the 1969 commencement, the 1968 alumni—with a year's experience at college—advised the new graduates that they should concentrate on education, not on campus politics, when they reached their new schools.

Headmaster Carpenter has no worries on that score: "These kids will do well. They're not concerned with sitting in administration offices or burning down buildings.

"When you burn down a building, all you have left is ashes." **END**

Now for the Non-Boom

Here's how some leading executives plan to operate if and when sales slip, even briefly

A business slowdown? Talk to leading managers, and most tell you there is one. Some expect it to dampen their own sales; some don't. But all expect it to be brief. And they are sure their companies will come through in fine shape.

Nevertheless, it is well to plan now for the possibility that the first months of the 1970's may be dull ones for business.

Let's look at what some leading companies in a wide range of lines are doing to justify their confidence that they can ride out any rough period in high style.

The one policy that comes closest to being a common denominator is diversification. Most firms that were asked to comment—whether "conglomerates" or not—show a strong strain of conglomerate thinking. They stress that they have many different horses to ride and that they will concentrate on riding the fastest ones.

But within each of their lines, companies are not relying on any one-shot formula for success. On the contrary, they are focusing on every aspect of selling, cost saving, inventory control and new-product development in each field.

Executives are looking harder at every detail, modernizing all possible operations, centralizing facilities, milking research for new competitive ideas, appointing task forces to study markets and find opportunities.

And many are tightening up wherever they can, trying to make do with a leaner work force and a more compact inventory.

Eggs in many baskets

The confidence that comes from scattering your bets is well illustrated by Harvard Industries, Inc., a Farmingdale, N. J., firm that was wholly in electronics until a few years ago. Asked about the company's future, Financial Vice President Robert P. Dunne said:

"We're in so many lines now, several of them totally different, that it's like talking about separate businesses. We foresee a slide in some of our military business. But we expect to more than make up the difference in other ways. As procurement for Viet Nam falls, for example, we believe military research and development in some electronic lines will increase.



DRAWINGS BY CHARLES A. DUNE

And much of what is learned from such contracts is of related value in commercial products.

"Apart from that, we are now in the printing business. One of our divisions makes aluminum siding that has sharply rising sales in the housing industry, especially for remodeling during this period when new construction is lagging. And we have a separate sheet metal fabricating operation making furniture and equipment for service stations and markets. We are very bullish about that and are adding new plant space.

"More recently, we've also gone into the air cargo business on Alaska's North Slope. We're expecting to be in on the tremendous boom resulting from the oil finds there.

"In other words, we no longer regard ourselves as being in one business, but in a constant search for new potential. So we can afford to be philosophical about any line that may sag because we have several others that will zoom—and still more new plans on the way."

Or take Howmet Corp., of New York. William H. Soller, a special consultant to the firm and former

vice president, says: "We are not blindly optimistic, but we feel we can adjust and compromise well enough to keep moving forward on several fronts."

"Our Superalloy Division, for example, believes that the demand for its products would keep growing even in the face of government controls or higher taxes. We think that various types of gas turbine engines will require a rising postwar demand for blades and other components that we produce."

"And our professional products—dental and surgical—are of the kinds that are in demand, war or no war, high or low taxes, high or low tariffs."

Even Libbey-Owens-Ford, known as a major glass manufacturing company, is diversified to serve many

These imports are striking hardest at labor intensive domestic industries."

However, Mr. Wingerter quickly adds: "We feel very bullish for the longer pull and we are determined to be right there when the new upturn comes."

How does he plan to move through a period of possible squeeze on sales and profits?

"By accelerating our new product development and by accumulating a mass of facts on every detail affecting costs and profit levels in every product line and going for the optimum sales dollar in each one," he says.

"Even on window glass—the very line that looks least encouraging—we have had a task force working to pull together every possible fact about sales possibilities, cost factors, prices, competition and production methods. This has resulted in important decisions. By next year we will have committed about \$100 million to the float process of glass production, which permits a more efficient use of labor."

In store for stores

Most cautious of the companies queried, although they also stress long-term optimism, are the retailers—the firms at the grass roots of business.

The president of a New York specialty store that has branches in many other cities (he asked that the firm not be named) says: "Whenever the road ahead looks less clear, any sensible man decides to drive a little more slowly. Well, that's what we're doing right now. We've definitely decided not to cut down on quality or services or advertising. And our price levels will stay as is."

"But we are reducing our variety. If a department has been carrying 22 different styles, for example, we'll ask the buyer to cut that to 18 styles. This holds down total inventory costs. But more important, it should help to improve our markdown record—that is, the amount of price reductions we have to make on leftover goods at the end of each season."

"That might seem like a small item, but performance on that score makes a real difference in a store's profits. We figure this will give us enough of an edge to compensate for any dip in total sales."

When it comes to the longer pull, this president says there is no change in expansion policy.

"You can't expand and build new stores in a few months. It takes a minimum of three years to find sites, build, train personnel and get the doors opened. We think the odds are strongly in favor of a growing economy over the next five or 10 years, so we're going forward with our new stores."

At least one big retailer, Macy's of New York, on the other hand, is making little change in inventory policy—for a thoroughly modern reason: "We can now keep such an accurate finger on the public pulse by means of our computer information that we can easily shift with any change in trend," says President David Yunich.

"We're constantly in the process of expanding and contracting various categories of goods anyway, based



lines. So it can talk of short-term problems in one area, yet report other areas as bright, and show overall optimism.

The costly inflation fight

Libbey-Owens-Ford President Robert G. Wingerter is dissatisfied with government anti-inflation moves.

"The tax surcharge, for example, is a cost increase for business," he says. "And since an added tax on consumers also tends to restrain an increase in volume, higher prices—rather than lower—should have been foreseeable."

"Because so many businesses seem to have reached the end of the line in absorbing additional cost increases, the obvious way to fight inflation is by reducing government spending and by resisting unreasonable wage demands. Elected government seldom has the stomach to do either."

"The same government that is asking business to provide jobs for our hard core unemployed is encouraging a flood of imports from low-wage countries

Now for the Non-Boom *continued*

on the demonstrated demand—mini- vs. midi-skirts, elegance vs. casualness for men, this high-priced import item vs. a lower-cost one, and so on.

"If the public should suddenly have a little less money to spend and prefer lower-cost products, our computers will tell us and we will order fewer men's shirts with real pearl buttons, more with plastic buttons. If manufacturers feel this pinch and offer fewer colors in kids' swimsuits, it's our job to see that our customers get the best selection possible for the amount of money they want to spend. We are confident of doing this increasingly well."

When it comes to long-range planning, Macy's, too, is moving ahead on the basis of optimistic assumptions, like other major retailers and for similar reasons. Mr. Yunich says it takes five years of planning to open a new store. "And each branch is like going into a whole new business," he adds, "because somehow we never seem able to use the plans for the last store in a new location."

The new gadgetry

Discussions with several leading management consultants show that their clients are also continuing to stress over-all company growth, confident that they can adapt quickly to any adverse trend that may show up.

All these companies think any slack in the economy will simply increase competition, but not cause a major decline in business. So they feel their main need is to keep looking carefully at costs, cutting pennies where they can and preparing to pass the benefits on to their customers. In order to accomplish this, the management consultants are:

- Studying ways to cut distribution costs through compact packaging, more efficient warehousing, and, especially, more advantageous sites for warehouses and plants.
- Closely examining hiring policy. The tendency of recent years to take on good men whenever they come along just in the expectation that they'll be needed later is being moderated.

Centralization of facilities is a subject of great general interest. But it is no longer a matter of just moving things to one location. Now that electronics permit so much data to be exchanged and assembled at long distances, many firms get the benefits of centralization without actual physical moves.

Use of "remote terminal systems" promises huge savings and surges in efficiency. A single computer becomes the center for gathering and interpreting information from many separate points, and then sending back instructions to those peripheral places. Incoming orders, inventory control, new purchases, cash positions, profit forecasts and many other multifaceted activities can be pulled together instantly by such a system.

Smaller companies can do this without having their own computer. They simply acquire as many remote



terminals as they need, then plug them in to a time-sharing computer used by numerous other companies.

The ebullient confidence that many managers express even in the face of admitted uncertainties is epitomized by Board Chairman Henry Singleton of Teledyne, Inc., a California-based conglomerate.

"First of all, I don't believe any U. S. President will intentionally cut down on growth for long," says Dr. Singleton. "It's where his increasing tax dollars come from. But we do, indeed, see that a time of uncertainty and change is looming up. And we welcome it. It's an opportunity."

"In periods of change, each company's share of the market can rise or fall most readily. So each has the challenge to come up with ideas, products, services, that fill the new need better than somebody else's. We think our tremendous investment in research has its best chance to pay off at such a time."

"In 1962, when there was a slump, Teledyne tripled its sales. If we can enlarge our business every time there's a period of uncertainty—and that is what we intend to do—we'll welcome all the problems that go with it."

Such is the new note of sureness among today's top executives, the feeling that they have begun to master more scientific techniques for guiding a business through changing times.

Justified or not, such confidence will play a part in shaping company policies. So it is, in itself, a major index of the business future. —CHARLES A. CERAMI

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Focusing on the Center Point



the United States, Mexico and Canada. It was established in 1891 by the Coast and Geodetic Survey, and, unlike the geographic center, has remained fixed.

The triangulation station, as it is known technically, is the point from which all geodetic computations—that branch of applied mathematics dealing with positions, shapes and areas of large portions of the earth's surface—are made for latitude and longitude of North America. The geographic center of the country had, for generations, been at Smith Center, Kans., not too far from the geodetic midpoint at Lucas.

But the admission of Alaska and Hawaii sent the geographical center northward to South Dakota on the basis of the "center-of-gravity" method, which conferred the honor on an area centered on a point 17 miles west of Castle Rock in Butte County.

The Chamber of Commerce of Belle Fourche, the only sizable community in the area designated as the center, has proclaimed itself "Center of the Nation."

The exact point is 20 miles north of Belle Fourche. END

Thousands of tourists pause each year at a roadside park near Belle Fourche, S. Dak., to have their pictures taken beside a marker proclaiming the spot as "CENTER OF THE UNITED STATES."

But far to the south, on a privately-owned ranch in the heart of the Kansas grass country, only an occasional farmer or grazing cow gives a passing glance to another marker, this one designating "the geodetic center" of the United States—and the entire

North American continent, for that matter.

There's been some confusion about the difference between the South Dakota point, at the geographical center, and the Kansas marker on the Meades Ranch near Lucas in north-central Kansas.

The geodetic marker, the Commerce Department points out, is on the beginning reference point for all property lines and city, county, state and national boundaries throughout

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EDITORIAL

MATCHING THE REDS

Every time Russia makes an advance in space, or whatever, there's new talk that the communists are about to "overtake" us. Let's put that in perspective.

If we wanted to *match* the Soviet economy we'd have to:

- Tear down 60 per cent of our homes.
- Demolish 60 per cent of our steel mills.
- Rip up two thirds of our railroad tracks.
- Destroy nine out of every 10 telephones.
- And reduce our standard of living a full 60 per cent.

Maybe we should spend less time worrying about their system and concentrate on preserving ours.

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**GMC has made a business
of helping you worry less about yours.**

A truck like this was built by truck specialists, people who know what it takes to make a truck into a profitable business asset.

Cab walls are doubled and insulated. Frame is deep-channel that resists twisting, reduces stress for longer life and lower ultimate costs. And power is available for a range of applications. We offer in-line 6's, V-6's

and V-8's and our GMC 478 diesel, engineered for maximum economy from expressway speeds to stop-and-go city driving.

There's something else we can offer you, too. Our dealers. They know how to talk truck because they're truck specialists, trained to help you select the right truck and power-train to do your job efficiently and profitably.

If you're looking for power choices, GMC has them. Gas In-line 6's, V-6's and V-8's, plus a GMC diesel. You can choose from a total of 8 engines that range in horsepower from 155 h.p. to 260 h.p. You give us the problem and we'll give you the power to solve it.



GMC

the truck people from General Motors



Christmas past is also Christmas present.

*From the house of
Justerini & Brooks
Founded 1749*

J&B Rare Scotch
It only costs a few cents more.

